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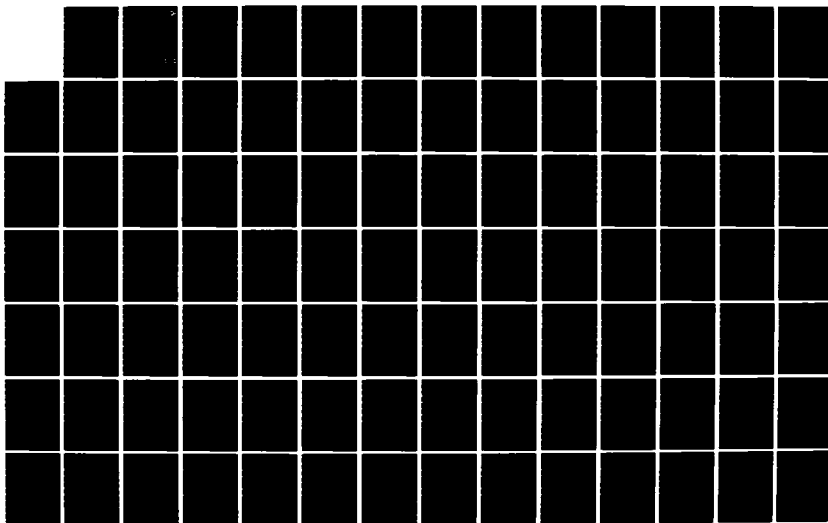
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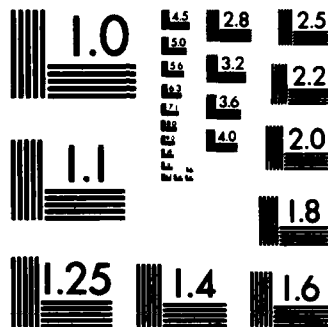
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THE EMERGING JAPANESE INFLUENCE IN AFRICA
AND ITS
IMPLICATIONS FOR THE UNITED STATES

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June 1983

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TABLE OF CONTENTS:



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List of Tables	iv
List of Charts	v
Executive Summary	vi
Acknowledgements	x
 1. INTRODUCTION	 1
References	6
 2. TRADE RELATIONS BETWEEN JAPAN AND AFRICA	 7
Market Share Analysis	8
Statistical Analysis of Trade Patterns	10
Results of the Market Share Analysis	13
Balance of Trade	17
Balance of Trade from the Japanese and U.S. Perspective	18
Balance of Trade from the African Perspective	21
Composition of Trade Between Japan and Africa, U.S. and Africa	22
Japanese-African Trade Composition	22
U.S. African Trade Composition	26
A Comparison of Japanese and U.S. Trade Composition with Africa	30
References	33
 3. JAPANESE OVERSEAS INVESTMENT	 35
The Japanese Record in Foreign Direct Investment	37
Japanese Investments in African Minerals	42
The Role of Trading Companies in Foreign Investment	43
Japanese Perceptions of the African Investment Environment	52
Japan and South Africa	53
References	53

4. JAPANESE OVERSEAS DEVELOPMENT ASSISTANCE	55
The Japanese Foreign Aid Record	58
Japanese Aid to Africa	66
References	74
5. RELATIONS BETWEEN GOVERNMENT AND PRIVATE SECTOR IN JAPAN	75
Japanese Government Programs to Facilitate International Trade	77
Export Insurance Scheme	77
The Japanese Export-Import Bank	78
Tax Incentives	78
Japanese Government Programs to Assist Firms in Overseas Investment	79
Overseas Investment Insurance	79
Overseas Investment Funds and Subsidized Interest Rate Programs	80
General Information and Promotional Role of JETRO and MITI	83
References	84
6. CONCLUSIONS	85
References	90
APPENDIX A: GENERAL TRADE	91
APPENDIX B: NON-PARAMETRIC TESTS	95
Comparison of W-Tests With t-Tests	96
Example of W-Test	96
APPENDIX C: AFRICAN COUNTRY GROUPINGS AND STATISTICAL TABLES	99
APPENDIX D: BALANCE OF TRADE TABLES	129
APPENDIX E: INVESTMENT TABLES	133
BIBLIOGRAPHY	137

LIST OF TABLES

1-1	Japanese Mineral and Key Resource Dependence on Africa: Net World Import Reliance, 1980, 1981	4
1-2	United States Mineral and Key Resource Dependence on Africa, 1980	5
2-1	Average United States Shares in African Exports	12
2-2	Average Japanese Shares in African Exports	13
2-3	Average United States Shares in African Imports	14
2-4	Average Japanese Shares in African Imports	16
2-5	Comparison of Statistically Significant Changes in U.S., Japanese and EEC Shares To and From Africa, 1970-1975 and 1976-1981	17
2-6	Composition of Japanese Exports To Africa, 1980	21
2-7	Composition of Japanese Imports From Africa, 1981	22
2-8	Japanese Exports to Major African Trading Partners, 1981	23
2-9	Japanese Imports From Major African Trading Partners, 1981	24
2-10	Composition of Imports by Japan from its Eleven Largest Trading Partners in Africa, 1981	25
2-11	Composition of United States Exports to Africa, 1980	27
2-12	Composition of United States Imports from Africa, 1980	28
2-13	United States Exports to Most Important African Trading Partners, 1981	29
2-14	United States Imports from Most Important African Trading Partners, 1981	30
2-15	Comparison of United States and Japanese Exports to Africa, 1970, 1975, 1980	31
2-16	Average Annual Real Rates of Growth of United States and Japanese Exports to Africa by SITC Category, 1970-1980	32
3-1	Value of Japan's Total Direct Foreign Investment	36
3-2	Geographical Distribution of Japanese Foreign Direct Investment, 1981	37
3-3	Country Breakdown of Japanese Gross Investment in Black Africa: Selected African Countries	39

3-4	Sectoral Distribution of Japanese Investment in Africa, 1981	41
3-5	Minerals Exploitation by Japanese Firms in Africa	42
3-6	Japanese Investments in Africa by Country and Firm	44
3-7	Offices of Japanese Trading Firms in Africa	49
4-1	The Net Flow of Financial Resources From Japan To Developing Countries and Multilateral Agencies, 1960-1980	59
4-2	Evolution of Financial Terms of ODA Commitments	63
4-3	Tying Status of Japanese and United States Overseas Development Assistance, 1981	64
4-4	Sectoral Breakdown of Bilateral Overseas Development Assistance Commitments	65
4-5	Ratio of Other Official Flows to Total Official Transfers	66
4-6	Geographical Distribution of Japan's Bilateral ODA	67
4-7	Geographical Distribution of Japan's Bilateral Economic Cooperation: ODA, Other Official Flows, and Private Transfers	68
4-8	Geographical Distribution of Japan's Bilateral Economic Cooperation: Other Official Flows and Private Transfers Only	69
4-9	Japanese Private and Official Transfers to African Countries, Cumulative by Country, 1960-1981	71
4-10	Comparison of United States and Japanese Shares in OECD Overseas Development Assistance to Africa, 1979	73
5-1	Comparison of American and Japanese Government Support Programs for Overseas Economic Activity	76

LIST OF CHARTS

2-1	Japanese and U.S. Balance of Trade with Africa	19
2-2	Japanese and U.S. Balance of Trade with Africa excluding Nigeria	19
2-3	Africa's Balance of Trade with its Major Trading Partners	20
2-4	Africa excluding Nigeria Balance of Trade with its Major Trading Partners	20

EXECUTIVE SUMMARY

Our investigation of Japanese economic relations with Africa has shown that over the past decade, while the U.S. has become a less important economic actor, Japan has strengthened and diversified its economic ties with the continent. Trade, aid, and investment flows between Japan and Africa were compared to the same flows between the United States and Africa.

Foreign Trade

The market share analysis revealed that during the second half of the seventies the Japanese have been successful in penetrating African markets, in fact, that they have matched the EEC's record of retaining its share in African markets. The Japanese gains came despite the fact that oil importing African countries had to spend a larger proportion of their foreign exchange earnings on importing fuel. High points of the Japanese performance are the increasing market shares in the oil-exporting African countries and in relatively prosperous Ivory Coast, a significant breakthrough by Japan into Francophone Africa.

Unfortunately, American performance in African markets is largely the reverse of the Japanese. The U.S. failed to increase its market share in Africa or in any of its subgroupings. Worse, declines were experienced in Black Africa but perhaps more seriously, there was a significant drop in the U.S. share in the expanding Nigerian market. Since the U.S. purchases over 17% of its imported petroleum from Nigeria amounting to over \$ 10 billion annually, this poor trade performance is particularly disturbing. Purchases from Nigeria are the major component in the growing trade deficit with Africa experienced by the U.S. over the last decade. In contrast, increased exportation of Japanese goods to Nigeria is the key factor behind the trade surpluses that Japan has recorded with Africa.

U.S. trade deficits with the African continent over the past decade of course translate into surpluses and foreign exchange from

the African view. The dollars they earn from the U.S. have allowed African nations to run continuous trade deficits with their other major trading partners, the EEC, OPEC nations and Japan.

Though the poor export performance of the U.S. in oil exporting African countries, relative to Japan, is cause for concern among policy makers, some caveats are in order. Geographic factors combined with local availability of raw materials make it advantageous for Japan to import natural resources and mineral fuels from Asia and the Middle East rather than from West Africa, whereas for the U.S. West Africa is the closest high volume source of high quality crude oil.

The U.S. and Japan are in direct competition in the search for new foreign markets in which to sell exports of manufactures and capital goods. Our study of the composition of export sales to Africa addresses this rivalry. For Japan, the most prominent change in the composition of exports to Africa over the last decade has been the growth of capital goods such as machinery and transportation equipment relative to simpler manufactures. The Japanese have succeeded in upgrading their exports towards goods which incorporate a higher value added. For instance, whereas in the early 1970's textiles had a prominent role in Japanese exports, in the second half of the decade it was the machinery to produce textiles that rose in volume.

In marked contrast, the most prominent change in the composition of U.S. exports to Africa has been a move away from sophisticated manufactures towards agricultural products. Food, beverages and tobacco exports have increased relative to the declining shares of manufactured goods and capital and transportation equipment. However, a significant portion of these food exports were financed by U.S. foreign aid. In 1980, for example, total aid to Africa and the Food for Peace Program amounted to 30% of the value of U.S. exports of foodstuffs to the region -- one half of this was in grant form.

In comparing the performance of the two countries in areas of competitive exports -- largely machinery and transportation equipment -- our investigation found that U.S. sales in this area grew very slowly, while Japanese exports -- starting from a much smaller base -- expanded rapidly over the decade. The growth rates were sufficiently dissimilar that, by 1980, the Japanese had overtaken the U.S. in total sales to the region. However, the pattern varies somewhat depending on the exact type of machinery and transportation equipment under consideration. Japanese sales of T.V.'s, radios, tape recorders and automobiles outperformed U.S. sales of these goods to Africa. Japan

has similarly overtaken the U.S. in exports of metal-working equipment and telecommunications machinery, and is rapidly catching up with the U.S. in sales of internal combustion equipment and heavy electrical machinery. Areas where the U.S. continues to hold a substantial advantage are office machines and heating, cooling and cargo handling machinery. One important factor became clear as our analysis proceeded: With regards to sophisticated machinery, Japan is doing particularly well in Black Africa, while the U.S. sales effort has concentrated on South Africa. As a customer of general exports and as a supplier of essential minerals, South Africa remains critical for both Japan and the U.S.

Foreign Aid

Japanese foreign aid efforts in Africa have risen over the past decade. In the early 1970s Africa accounted for at most 1% of total Japanese Overseas Development Assistance (ODA) and by 1980 the proportion had reached nearly 10%. By comparison, Africa receives 20% of U.S. foreign aid. Several factors explain this increase: Japan's concern over natural resource supplies, the potential for future export sales, its response to Third World criticism, its concern for basic human needs, and security considerations in the Indian Ocean. However, self-interest remains a motivating factor behind Japanese aid increases -- witness the fact that export credits have exceeded the value of all other ODA categories in all but two years since 1970. Despite recent pledges to promote basic human needs, Japanese ODA remains heavily concentrated on the provision of infrastructure, on the promotion of mining and construction activities and on natural resource projects. Japanese foreign aid projects often openly involve the Japanese private sector, both in project identification and implementation. In addition, Japan's aid continues to be given in terms that are less generous than for the norm of OECD countries. Kenya, Niger, Nigeria, Zaire, Zambia and Zimbabwe are the major recipients of Japanese foreign aid.

Foreign Investment

Africa's share in Japanese overseas investment has also increased over the last decade whereas the reverse is true of Africa's share of U.S. foreign investment. However, Sub-Saharan Africa still accounts for less than 2% of total Japanese offshore investment. The single most important locus of Japanese investments has been in shipping firms in Liberia (many of which remain 100% Japanese owned). Although mining and natural resource projects saw major growth in the

early seventies -- a time of great concern regarding future supplies of raw materials -- they are at a virtual standstill today. The current prevailing orthodoxy in Tokyo is that the risk of African mineral ventures has generally not been worthwhile (with the exception of uranium in Niger, and oil in Gabon). Japanese firms have ventured into light manufacturing and transportation equipment assembly in recent years, mainly to supply the local market in Nigeria. Although Japanese businesses are formally forbidden from investing in South Africa, the definition of investment does not extend to licensing and technology transfer. For example, in recent years the Japanese have been quite active in licensing South Africans to set up transportation equipment plants which they then supply with industrial inputs.

The most dramatic area of Japanese commercial performance on the African continent has been the expansion of their trading role. In this area they are at an advantage over their U.S. competitors because of certain institutional structures of both private and public nature. On the private side, the trading companies are important in finding business opportunities and helping smaller firms to avoid risk in international transactions. The Japanese government helps exporters by making generous amounts of export credits available through the Japanese Export-Import Bank and by offering firms export earnings insurance to reduce the risks associated with overseas trade. Japanese overseas investors benefit from government-backed loan programs, tax breaks, and generous overseas investment insurance. But in spite of the numerous structural reasons for the Japanese success in Africa, one is left with the lingering suspicion that they might simply try harder. Still, U.S. policy makers should consider similar programs to reduce the risks facing American firms venturing into foreign markets.

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CHAPTER 1

INTRODUCTION

One of the principal changes in policy towards the Third World introduced by the Reagan Administration has been the new emphasis placed on the private sector. There are two thrusts to this policy: the encouragement of indigenous private enterprise in Third World countries and the promotion of U.S. commercial interests in this part of the world. For the latter to be successfully accomplished U.S. policy-makers need to know, first, how the U.S. private sector has performed in comparison to its principal competitors and, secondly, whether its principal competitors enjoy advantages by way of support from their governments which are not available to U.S. corporations.

This study focuses on the relative performance of Japan and the United States in their economic relations with Black Africa. In recent years concern in the U.S. regarding the Japanese challenge has reached similar levels to that expressed in Europe in the 1960s regarding "Le Défi Américain". Much has been written on the Japanese penetration of the American market but relatively little attention given to a second dimension of U.S. - Japanese competition: the search for export markets and secure sources of supply of raw materials in the Third World. In that developing countries now account for over 35% of U.S. exports and over 45% of U.S. imports (the equivalent figures for Japan are 45% and 60% respectively),¹ this is a dangerous omission. For the U.S. to lose its commercial battle with Japan in the Third World could have repercussions for the long-term development of the U.S. economy.

Neither the U.S. nor Japan enjoyed strong economic ties with the continent prior to the independence of the majority of black African countries in the late 1950s and early 1960s. African countries, unlike those of Latin America or South-East Asia, were not "natural" economic allies or, more pointedly, satellites, of either Japan or the U.S. In most cases, both were at a disadvantage compared to the close relations enjoyed by the European powers with their ex-colonies. Neither

country had a colonial history in Africa. Although the U.S. had long-standing ties with the people of Liberia, this was also the African country with which Japan had its most developed economic relations as a result of the use by Japanese shipping companies of the Liberian flag of convenience. Japanese corporations were, of course, at a disadvantage compared to their American equivalents in dealing with anglophone Africa; both faced language barriers in francophone and lusophone Africa. Japan was also at a disadvantage in that many African countries on receiving independence followed the decision of their former colonial metropolises, the United Kingdom and France, to deny most-favored-nation status to Japan, taking advantage of Article XXXV of the GATT Treaty.

At the beginning of the 1960s diplomatic relations between both the U.S. and Japan on the one side, and the African continent on the other side were approximately on a par: both enjoyed relatively good diplomatic standing in Africa. U.S. support in multinational forums for national self-determination, the education of many members of the post-independence ruling elites in American universities, links between the black community in the U.S. and in African countries, and the enthusiasm for Third World "development", which was so pronounced at the time of the Kennedy Administration and was reflected in substantial U.S. aid to the continent, all contributed to the positive image held by many African leaders of the U.S. Japan enjoyed a similar high diplomatic stature albeit for somewhat different reasons: its formidable record of economic achievement and its membership in the Afro-Asian Solidarity Organization led many Africans to view it as a successful model for non-Western development. But the lack of familiarity with Africa might be perceived as placing Japan at a disadvantage: it was not until 1961 that an Africa Department was created in the Japanese Foreign Office.

In subsequent years the U.S. image in Africa became somewhat tarnished. Vietnam, U.S. supplies of military equipment to its NATO ally, Portugal (despite African protests that these were aiding the Portuguese in their struggle against African nationalist movements), the lack of effective pressure against the white minority regimes of the southern part of the continent, domestic racial problems, and perceptions of U.S. intransigence in the North-South dialogue all at times caused anger among African leaders. Meanwhile, Japan was not immune from criticism: the paucity of its aid effort, its sanctions-breaking during the U.D.I. period in Rhodesia, its investments in mining and construction activities in the Portuguese colonies, its continued high volumes of trade and investment with South Africa and

Namibia, the "honorary white" status confirmed on Japanese visitors by South Africa in 1961, and its unwillingness to go beyond nominal support for the Group of 77 in the North-South dialogue, all aroused African anger.

Yet African criticism of Japan did not reach the same levels of intensity as that levelled at the United States: on a variety of issues Japan has been able to shelter behind the hard-line stance taken by the U.S. (e.g., by abstaining on U.N. votes on North-South issues secure in the knowledge that the U.S. will cast a veto).² Japan has been quite successful in pursuing the principle of seikei bunri, the separation of economics from politics. By virtue of its superpower role, the U.S. has not enjoyed the same freedom to fudge issues: its policies inevitably have been more visible, thereby rendering the country more vulnerable to African criticism.

At present, Africa remains of relatively minor significance both as regards trade and as an arena for investment for both countries. In recent years the continent has accounted for less than 2.5% of U.S. export sales and close to 7% of total U.S. imports. Likewise, Africa accounts for only 3% of U.S. overall direct investment worldwide. Similarly, Africa has absorbed barely 3.5% of total Japanese trade and investments in the region account for a mere 2% of overall Japanese foreign investment. Africa is, nevertheless, an increasingly important source of raw materials (especially petroleum and minerals) and an expanding market for capital and consumer goods. Competition between the U.S. and Japan in Africa thus is a microcosm of their wider commercial rivalry.

African importance as a source of natural resources and petroleum is an issue that merits further attention. Tables 1-1 and 1-2 present Japanese and U.S. mineral dependence on African suppliers. While in general, the Japanese are markedly more dependent on imported natural resources than the U.S., they do not rely on Africa as major suppliers. Africa's minerals and petroleum are of much greater significance to the United States. For example, African sources of bauxite, chromium, cobalt and manganese are much more important for U.S. imports than for Japanese. Africa also supplies the U.S. with 20% of its imported oil while only 2.5% of Japan's.

A cursory review of the trade data reveals that the U.S. is running a sizable deficit with Africa, while the Japanese are running a trade surplus. The Japanese trade gains are also manifest in a rapidly increasing flow of exports of manufactures and capital goods

to Africa. These trends may or may not be cause for alarm. The U.S. and Japan do not have identical interests in their commercial relations with the Third World in general and Africa in particular. Any comparison of Japanese and American performance in the Third World must be tempered by some geographic and historic consideration. For the Japanese foreign trade is not an optional matter, it is an economic necessity. Being an island country nearly devoid of natural resources, Japan depends heavily on foreign exchange to supply the minerals, fuels and agricultural products it lacks. More than 70% of Japanese imports are food and raw materials. Nearly a third of total Japanese GNP is devoted to export and import activities. These very real economic constraints have been a molding force in Japanese economic evolution.

TABLE 1-1
Japanese Mineral and Key Resource Dependence on Africa
Net World Import Reliance (NWIR), 1980
and African Share of Total Imports (ASTI), 1981
(Percent)

Resource	NWIR	ASTI	Resource	NWIR	ASTI
Antimony	N.A.	0.0	Lead (Ore & Ingots)	83.9	3.8
Bauxite (Ore & Ingots)	100.0	3.5	Manganese	92.0 ^a	55.4
Chromium	N.A.	40.6	Molybdenum	N.A.	0.0
Cobalt	N.A.	25.0	Natural Gas	90.7	0.0
Coal	81.8	9.5	Petroleum Products	99.8	2.5
Copper (Ore & Ingots)	96.0	11.3	Tin	98.4	N.A.
Ferro Alloys	N.A.	29.1	Titanium	N.A.	0.0
Ferro Chromium	N.A.	78.0	Tungsten	76.0	0.0
Ferro Silicon	N.A.	4.2	Uranium/Thorium	N.A.	0.0
Iron Ore	98.7	5.6	Zinc (Ore & Ingots)	68.5	N.A.

^aThis figure is for 1975.

Source: White Paper on International Trade, JETRO, 1982.

Viewing the Japanese situation historically also helps to understand their drive towards foreign markets. With the Meiji restoration in the 1860s Japan ended its economic and political isolation and began the process of rapid economic development and industrialization. The economic constraints faced by the limited resource base were dealt with by concentrating on export trade and duplicating industrial

processes existent in the west. As labor productivity rose and rapid capital accumulation took place, Japan developed a comparative advantage in manufacturing. Although this process was interrupted by World War II, speedy Japanese post war reconstruction ensured its continuation. Japan's participation in international trade reflects an interplay between two basic characteristics: Japan's need to import natural resources and its ability to export the product of highly skilled, capital- assisted human resources.

TABLE 1-2
U.S. Mineral and Key Resource Dependence on Africa, 1980
(Percent)

Mineral/Key Resource	Net World Import Reliance	African Share of Total Imports
Antimony Ore	53	20
Antimony Oxide	53	46
Asbestos	76	3
Bauxite	94	32
Beryllium	5	5
Chromium	91	40
Cobalt	93	55
Corundum	100	95
Diamonds (Industrial)	100	33
Ferro Chromium	91	71
Ferro Manganese	97	38
Fluorspar	84	22
Gemstones	99	26
Graphite (Natural)	100	6
Manganese Ore	97	53
Natural Sheet Mica	100	4
Platinum Group Metals	87	53
Zirconium	3	3

Source: U.S. Bureau of Mines, 1981.

In contrast, the U.S., with its huge domestic market and more abundant domestic supply of raw materials has not had the same institutional need for foreign trade. Of course, with the increased dependence on foreign oil and the American taste for imports, foreign trade and foreign markets have grown in importance to the U.S. But no

country can afford to do substantially worse in its commerce with numerous sets of third parties than a major competitor with similar trading interests. The figures on the development of U.S. and Japanese trade with Africa present a prima facie reason for concern.

Our objective is to examine these commercial relations in more detail and to ascertain whether Japan has enjoyed a better better performance in its economic relations with Africa in recent years and if so, to suggest some reasons for the differences in relative performance of the two countries.

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- (2) This aspect of the "free rider" problem is explored in detail in Robert Rothstein, Global Bargaining, (Princeton University Press, 1979). A more sympathetic but not particularly convincing account of Japan's role in North-South negotiations is given by Shigeko N. Fukai, "Japan's North-South Dialogue at the United Nations", World Politics XXXV, 1 (October 1982) pp. 73-105.
- (3) Chester A. Crocker, "African Policy in the 1980s" Washington Quarterly 3,3 (Summer 1980) p. 77.

CHAPTER 2

TRADE RELATIONS BETWEEN JAPAN AND AFRICA

This chapter is divided into three sections which concentrate respectively on the patterns of trade as reflected in the market shares of the different actors, on the balance of trade accounts between the regions, and on the composition of trade. The analysis focuses on all of sub-saharan Africa including South Africa and various subgroupings which will be delineated below. First, a few preliminaries are in order regarding Japanese-African and American trading relationships.

Africa does not figure as a particularly important region in Japanese trade neither on a global basis nor on a developing region basis. The continent accounts for less than 5% of Japanese export-import trade with the world. Likewise, Africa represents only 7.4% of Japanese exports to and 3.8% of Japanese imports from developing regions, respectively. Even when petroleum is excluded, non-oil exporting Africa comprises less than 10% of Japanese export-import trade with non-oil exporting developing countries.

The American pattern with respect to trade with Africa is somewhat different than the Japanese situation. While African importance in U.S. export trade has remained virtually unchanged over the last decade, Africa's share in total U.S. imports has increased to nearly 7%. Most of this increase is explained by oil imports from Nigeria.

U.S. trade with Africa when viewed from the LDC context shows much the same result. Over the past decade the importance of the African continent as a whole and Black Africa in particular in the U.S. export picture has lessened slightly. Conversely, U.S. imports from Africa as a share of imports from developing areas have assumed more importance. The African continent supplies about 15% of U.S. imports from LDCs. Likewise, the share of U.S. imports from Black Africa and non-oil Africa has increased.¹

A few words are in order regarding the two key countries in the trading patterns of Japan, the U.S., and Africa. These two countries, Nigeria and South Africa, largely determine trade flows. For example, U.S. oil imports from Nigeria account for over half of all imports from the continent. In 1981, of the \$17 billion worth of U.S. imports from Africa, Nigerian oil alone represented \$9.6 billion. The next most important country is South Africa which supplies 15% of U.S. imports from the region. On the U.S. export side South Africa is the most important client, purchasing 44% of U.S. goods flowing to Africa in 1981. Nigeria accounted for 23% of U.S. exports.

South Africa and Nigeria are also key trading partners for the Japanese, but not for the same reasons. Nigeria and South Africa account for about the same percent of Japanese exports to Africa, each purchasing close to 38%, or, taken together, over three fourths of Japanese sales in Africa. On the Japanese import side, South Africa supplies over half — 52%, to be exact — of the Japanese imports from Africa while Nigeria accounts for only 10%.

These trade flows are telling beyond the mere magnitude of percentages. For the U.S., Africa represents an important and growing source of petroleum while South Africa is the key supplier of essential minerals. Black Africa constitutes an expanding market for Japanese exports, but appears to be of little consequence in Japanese import markets. On the other hand, most of the Japanese imports from the region originate in South Africa.

MARKET SHARE ANALYSIS

In this study we attempt to compare the performance of Japan and the U.S. in trade with the African continent over the last decade. For a number of reasons Africa represents a new and relatively neutral market for both countries and an interesting test case for comparing Japanese and American trade efforts. First, neither the Japanese nor the Americans have strong historic political relations with the region as compared to the Eur-African relationship prior to African independence. Hence, whatever advantages that might accrue from the strong commercial links that colonialism forged, are absent. Next, both countries are geographically removed from the African continent, and consequently, face greater transportation costs as compared to the Europeans. Further, there are language differences. In the Franco-phone countries, both American and Japanese businessmen are at a

disadvantage vis-a-vis their European counterparts. Though the going is less rough for the U.S. in English speaking Africa, the Japanese should not be any more handicapped than they usually are in competing with foreign suppliers since they must speak English by necessity in most of their international transactions.

Finally, relatively recent changes in African trade arrangements with the Europeans have meant freer access to African markets for other industrial countries. Until achieving independence, most African countries saw their external trade dominated by the Europeans. Typically half to two-thirds of export-import trade was conducted with the previous colonial powers. After independence, several preferential arrangements helped maintain this pattern. The former colonies of the European Community kept their trade ties with France and the Europeans in general through the Yaounde Conventions (1964-1969, 1970-1975). The Yaounde Conventions provided a system of reciprocal trade preferences on either side of the equator. The Europeans were given tariff preferences in the associates' markets and the Africans were in turn given trade preferences in the EEC over other Third World suppliers. The East African states of Kenya, Tanzania, and Uganda, also signed a special trade accord with the EEC, the Arusha Agreement (1970-1975), provided mutual trade preferences for specified quantities of important export products. In addition, the Commonwealth Preferential Trading System among the Anglophone African states and members of the Commonwealth provided trade preferences with the United Kingdom.

In 1975, with the signing of the Lome Agreements between the ex-European colonies in Africa, the Caribbean and the Pacific (ACP) and the European Community, the preferential trading system changed markedly. The ACP were granted duty-free access to the EEC for most of their exports -- the exception being products included in the Community's Common Agricultural Policy where ACP production was in competition with that of European farmers. However, no reverse preferences were granted for European goods in African markets.² This was a break with the historic pattern of trade arrangements which had given the Europeans an institutionalized edge over other industrial suppliers such as the U.S. and Japan.

The Lome I Convention was signed in February 1975 and all of the trade provisions were operating by 1976. Lome I ran from 1975 to 1979; its trade provisions are maintained by its successor, the Lome II Convention, which is currently in force (1980-1984), with the same trade provisions intact.

From the perspective of the U.S. and Japan, Lome provided easier access to African markets. With the abolition of reverse preferences the Europeans lost part of their preferential edge over their industrial competitors. However, many African countries continue to favor the Europeans through licensing and quota arrangements.

The changing nature of the European preferences and their eventual repeal has meant new trading possibilities in the second half of the seventies for both Japanese and American exporters. Accordingly, our study looks at trade during the 1970s. The period 1970-1975, when only the Europeans had preferences in African markets, is compared to the 1976-1981 period, when the European export advantage in Africa had lost much of its oomph.

Statistical Analysis of Trade Patterns

In the decade of the 1970s, considerable changes in the trading patterns of the industrialized countries with the developing countries occurred. The oil price explosion, with resultant world inflation, greatly increased the volume of world trade as measured in current prices and changed long-established trading patterns. World trade grew at an average annual rate of 28.2% in the period 1970-73 and then at an annual rate of 31.3% until 1981. Whereas in the period 1970-73 the share of oil exporting countries of world exports was 9%, it averaged 14% for the period 1974-1981.

Any study of trade patterns of the African countries during the seventies will inevitably be biased by these structural changes in the world economy. To the extent possible, this study tries to remove such biases. First, by utilizing a market-share approach, inflationary distortions in the data are neutralized. Second, by separating the oil producing African and Third World countries from the non-oil producing the effects of trade in petroleum can be isolated.

In order to determine statistically significant changes in trading patterns between Japan, the U.S. and Africa, export and import data (derived from IMF sources)³ are transformed into market shares for each year in the period 1970-1981. For example, in 1981, African exports to the world totalled \$66.0 billion, of which \$3.07 billion went to Japan; thus, the Japanese share in African exports was 5%. Each year's share is then ranked from lowest to highest on a scale from 1 to 12, respectively. Rankings are aggregated in two six-year periods: 1970-1975, and 1976-1981. A non-parametric test, the Wil-

coxon-Mann-Whitney (W) test is employed to detect whether there has been a statistically significant change in the average of the market shares in the two sample periods. This non-parametric test is employed largely because the sample size is small. Appendix B provides a more detailed rationale for the test and an explanation of the procedures utilized.

Against our null hypothesis (that no statistically significant change in market shares occurred), we test two alternative hypotheses: (1) that market shares increased; (2) that market shares declined. The null hypothesis is rejected at the 5% significance level — that is, when there is a 95% probability that market shares either increased or decreased. Special instances, where an alternative hypothesis could have been accepted at a slightly higher level of significance, are footnoted.

A common perception, confirmed by a cursory review of the data, maintains that the Japanese have outperformed the U.S. in African markets and that the U.S. has become a more important market for African exports. In the statistical tests of this study, we will thus hypothesize that, after 1975, (1) the Japanese share in African imports increased, while the U.S. share declined; (2) the U.S. became a more important market for African exports. The first hypothesis is stronger than it appears because most African countries are oil importers and were faced with a rapidly increasing oil import burden after 1973. Thus, on a relative scale, one would qualify the Japanese export trend as positive even if there were no statistically significant change during the 1970s. A confirmation of hypothesis (1), that the Japanese share in African imports increased, is therefore an affirmation of impressive export performance of the Japanese.

The countries were divided into various groupings, as detailed in Appendix C:

Africa	Non-oil Francophone Africa
Africa excluding Nigeria	Oil Africa
Africa excluding South Africa	Ivory Coast
Africa excluding Nigeria and South Africa	Kenya
ACP	Nigeria
Commonwealth Africa	Senegal
East Africa	South Africa
Francophone Africa	Zaire and Zambia
Least Developed Africa	Zambia

Since Nigeria and South Africa are pivotal in determining the directions of African trade, part of the statistical tests have been conducted using country groupings which exclude them. Likewise, by testing special regional groupings such as the Francophone and Anglophone states and specific countries of importance in Africa, the performance of the Japanese can be more carefully assessed.

TABLE 2-1
Average United States Shares in African Exports

Country Grouping or Country	1970-1975 (%)	1976-1981 (%)	Significant Change
Africa	12.62	21.22	upward
Africa excluding Nigeria	9.56	12.20	upward
Africa exc. South Africa	14.30	26.76	upward
Africa exc. Nigeria & S. Afr.	10.66	14.76	upward
ACP	22.21	32.55	upward
Commonwealth Africa	15.48	34.57	upward
East Africa*	9.73	10.18	none
Francophone Africa	8.67	11.99	upward
Least Developed Africa	10.35	12.66	upward
Non-oil Francophone Africa	7.75	10.74	upward
Oil Africa#	21.58	39.64	upward
Ivory Coast	12.97	11.45	none
Kenya	4.58	4.54	none
Nigeria	21.76	42.16	upward
Senegal	0.40	0.18	downward
South Africa	7.27	8.98	upward
Zaire and Zambia	2.43	11.50	upward
Zambia	0.44	11.49	upward

* Kenya, Tanzania and Uganda

Angola, Congo, Gabon, and Nigeria

Source: Appendix C, Tables C-3 through C-20.

Results of the Market Share Analysis

In general, we find that our hypothesis that the Japanese have outperformed the U.S. in African markets is confirmed. Conversely, the U.S. has progressively purchased more African exports.

TABLE 2-2
Average Japanese Shares in African Exports

Country Grouping or Country	1970-1975 (%)	1976-1981 (%)	Significant Change
Africa	6.88	3.95	downward
Africa excluding Nigeria	7.85	5.45	downward
Africa exc. South Africa	5.77	2.71	downward
Africa exc. Nigeria & S. Afr.	6.70	4.43	downward
ACP	5.38	2.88	downward
Commonwealth Africa	7.05	2.22	downward
East Africa*	4.43	2.78	downward
Francophone Africa	3.15	2.84	none
Least Developed Africa	6.57	4.68	downward
Non-oil Francophone Africa	3.37	3.32	none
Oil Africa#	3.81	0.70	downward
Ivory Coast	1.67	2.08	none+
Kenya	2.11	1.12	downward
Nigeria	3.03	0.49	downward
Senegal	1.25	2.13	upward
South Africa	10.68	6.79	downward
Zaire and Zambia	13.08	8.58	downward
Zambia	21.11	18.55	none^

* Kenya, Tanzania and Uganda

Angola, Congo, Gabon, and Nigeria

+ Increase at the 6.6% significance level

^ Decrease at the 6.6% significance level

Source: Appendix C, Tables C-21 through C-37.

U.S. and Japanese shares in African Exports: Tables 2-1 and 2-2 present data on the U.S. and the Japanese shares in African exports, and, for purposes of comparison, subgroupings within Africa. Table 2-1 shows that for most of Africa, the U.S. purchased a larger share of

their exports by the eighties than during the early seventies. These increases in U.S. purchases of African goods are accounted for primarily by petroleum, minerals, and tropical products. The only exception to this pattern of growth is Senegal, where U.S. purchases actually declined. The exports of East Africa and Ivory Coast to the United States displayed no statistically significant changes during the periods under study.

TABLE 2-3
Average U.S. Shares in African Imports

Country Grouping or Country	1970-1975 (%)	1976-1981 (%)	Significant Change
Africa	11.10	10.03	none*
Africa excluding Nigeria	11.00	10.21	downward
Africa exc. South Africa	9.07	8.20	none*
Africa exc. Nigeria & S. Afr.	8.40	7.41	downward
ACP	13.83	11.17	downward
Commonwealth Africa	9.63	8.65	none
East Africa#	6.33	5.42	none
Francophone Africa	7.61	6.40	downward
Least Developed Africa	6.09	5.95	none
Non-oil Francophone Africa	7.63	6.46	downward
Oil Africa+	11.43	9.25	downward
Ivory Coast	7.31	6.60	none
Kenya	7.10	6.45	none
Nigeria	12.06	9.39	downward
Senegal	6.33	5.82	none
South Africa	15.17	15.84	none
Zaire and Zambia	9.55	9.57	none
Zambia	7.44	8.16	none

* Decrease at the 6.6% significance level

Kenya, Tanzania and Uganda

+ Angola, Congo, Gabon, and Nigeria

Source: Appendix C, Table C-9 through C-40 through C-56.

Conversely, the share of Japanese purchases of African exports declined for Africa as a whole and for most African groupings. Senegal was the only country that proved to be an exception due to in-

creased sales of iron ore. The Francophone states and Zambia showed no change in their export pattern between the periods.

Japan's apparent lack of interest in African exports stems in part from the fact that many of the goods which the Africans offer can be found closer to home and often with more stable sources of supply. This is certainly the case with petroleum and coal and is also true of many tropical products such as cocoa and coffee which Japan purchases in increasing quantities from Latin America. Furthermore, declining prices of raw materials in recent years have contributed to lowering Japanese imports from Africa, while fluctuations in the exchange rates have affected the apparent amount of oil purchases.

U.S. and Japanese Shares in African Imports: Data on the share of the U.S. and Japan in African imports are presented in Tables 2-3 and 2-4. The U.S. share declined or remained unchanged for all of the African groupings during the 1970s. Taking the continent as a whole, the U.S. experienced no change in African import shares at the 5% significance level but a decline when the significance level is raised to 6.6%. While there are several categories in which no change is observed, there are no African countries or groupings where a statistically significant increase in import shares from the U.S. was recorded. In fact, in the most important Black African market, Nigeria, the U.S. suffered a resounding decline. Reductions in U.S. shares of African imports were also reported in the groupings of Africa excluding Nigeria and South Africa, Francophone and oil-exporting Africa.

The Japanese performance is largely the reverse of the U.S. in spite of the lack of change reported for the Japanese share of African imports for many country groupings. Throughout the seventies, higher petroleum prices meant that an increasing share of the export earnings of most African countries was used to pay for oil imports. Thus, even a result of no change in the Japanese share of African markets would have indicated that, relatively speaking, the Japanese were doing quite well and would have reflected substantially increased Japanese sales to African markets. The Japanese did realize such gains in Oil Africa, Ivory Coast and Senegal, while they experienced declines in Zaire and Zambia. These declines come as no surprise in view of the severe constraints on balance of payments which Zaire and Zambia have faced in the past few years. Their ability to import has been severely curtailed by depressed world copper prices coupled with skyrocketing petroleum costs.

TABLE 2-4
Average Japanese Shares in African Imports

Country Grouping or Country	1970-1975 (%)	1976-1981 (%)	Significant Change
Africa	7.73	8.05	none
Africa excluding Nigeria	7.53	7.14	none
Africa exc. South Africa	6.79	7.35	none
Africa exc. Nigeria & S. Afr.	6.24	5.49	downward
ACP	6.14	6.67	none
Commonwealth Africa	8.29	9.30	none*
East Africa [#]	8.46	9.08	none
Francophone Africa	3.90	4.07	none
Least Developed Africa	5.97	6.01	none
Non-oil Francophone Africa	4.10	4.12	none
Oil Africa ⁺	7.53	9.56	upward
Ivory Coast	3.25	5.31	upward
Kenya	10.05	10.06	none
Nigeria	8.81	10.37	none*
Senegal	0.41	0.98	upward
South Africa	9.61	10.39	none
Zaire and Zambia	7.64	3.98	downward
Zambia	7.71	4.30	downward

* Increase at the 6.6% significance level

[#] Kenya, Tanzania and Uganda

⁺ Angola, Congo, Gabon, and Nigeria

Source: Appendix C, Tables C-57 through C-74.

U.S. and Japanese Performance Compared to the EEC: Because the EEC is also a major actor in African trade flows, representing nearly half of export and import purchases for most African countries, a comparison is in order between the performance of the EEC and that of Japan and the U.S. Table 2-5 shows a summary of the statistically significant changes in African exports and imports for the periods under study. The major African groupings are presented. On the African export side, the U.S. has become a more important purchaser of African goods while the EEC and Japan have declined in importance. As for African imports, the EEC and Japan have done relatively well

by recording no change in most categories. The EEC countries have actually done better than Japan in the category of Africa excluding South Africa and Nigeria. The Europeans recorded no change whereas the Japanese experienced a decline.

TABLE 2-5
Comparison of Statistically Significant Changes in
United States, Japanese and EEC Shares to and from Africa,
1970-1975 and 1976-1981

African Grouping	Shares held by		
	U.S.	Japan	EEC
<u>African Exports</u>			
Africa	upward	downward	downward
Africa excluding Nigeria	upward	downward	downward
Africa excluding South Africa	upward	downward	downward
Africa exc. Nigeria & South Africa	upward	downward	none
<u>African Imports</u>			
Africa	none*	none	none
Africa excluding Nigeria	downward	none	none
Africa excluding South Africa	none*	none	none
Africa exc. Nigeria & South Africa	downward	downward	none

*Decrease at the 6.6% significance level.

Source: Appendix C, Tables C-75 through C-82.

BALANCE OF TRADE

The foregoing analysis has shown that the U.S. has become a more important purchaser of African goods in recent years while supplying relatively fewer imports to the region. Japan, on the other hand, has been buying relatively less in the way of African exports but has been supplying more imports. While the EEC pattern is similar to that of Japan, it is slightly superior in African import markets. These imbalances in trade naturally are reflected in the balance of trade accounts. Japan has tended to run a sizeable trade surplus with the Africans in recent years while the U.S. has run a consistent deficit.

The balance of trade can be viewed from two perspectives -- the export and import position of either of the two trading groups under study. Traditionally, when looking at the balance of trade, exports are counted f.o.b. and imports are counted c.i.f. In cases where the trade imbalances are very small the inclusion or exclusion of c.i.f. charges can make a difference in the final trade account position: both sides may be running a deficit. Accordingly, in this section, we will look at the Japanese and U.S. trade account with Africa from the perspectives both of the U.S. and Japan on the one hand, and of Africa on the other.

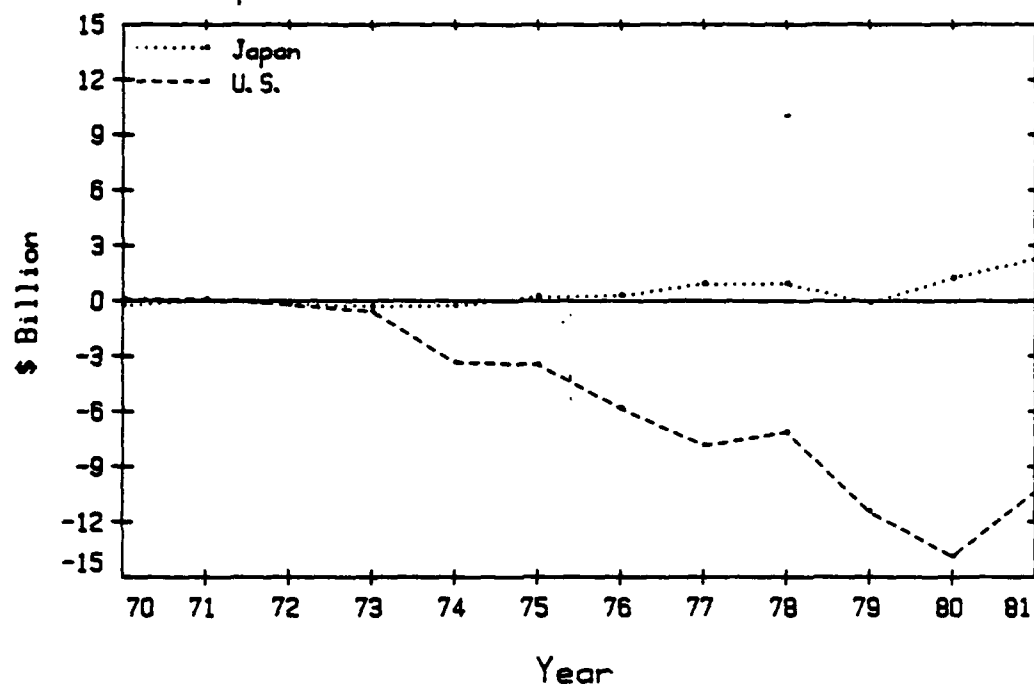
Balance of Trade from the Japanese and U.S. Perspective

The Japanese export-import balance with Africa has showed considerable improvement in the past few years. Their trade balance has moved from deficits in the first half of the 1970's to surpluses in the latter half of the decade as depicted in Chart 2-1. The only exception to this pattern is a small deficit in 1979, due largely to oil price increases. The oil price hikes meant that African countries could not buy as much from Japan. However, this move into the red was quickly reversed in 1980 and 1981.

Sales to Nigeria play a very important role in keeping the Japanese trade position with Africa as healthy as it is. When Nigeria is excluded from the picture as in Chart 2-2 the Japanese balance of trade with the rest of the continent falls slightly into deficit. However, these deficits are very small. In fact, these trade imbalances are so minor that if we excluded freight and insurance the Japanese remain in surplus.

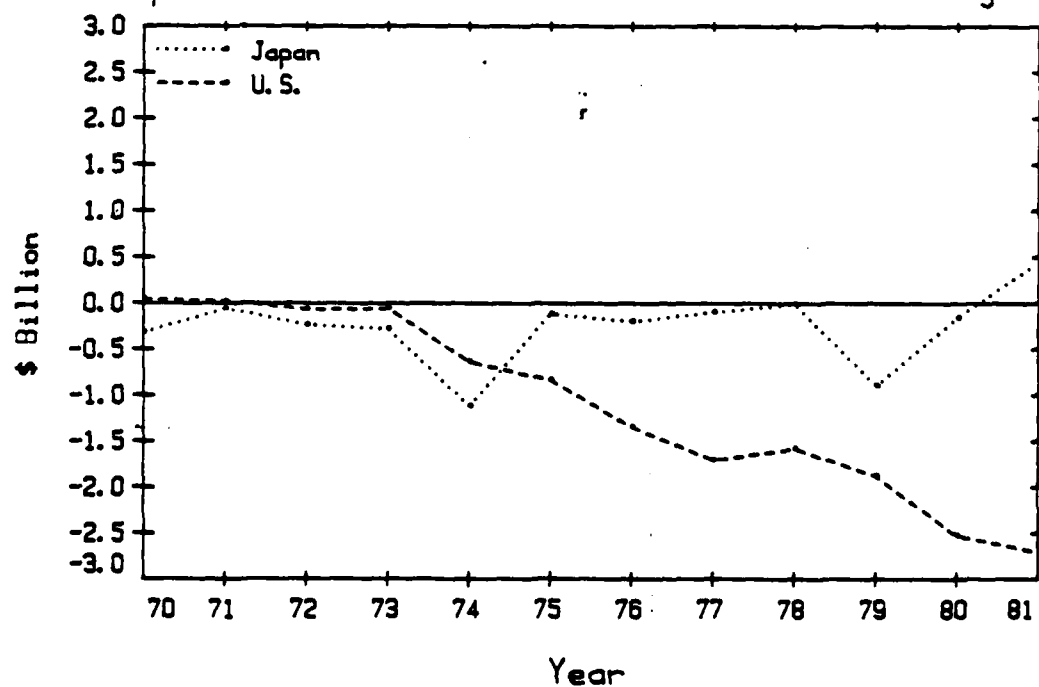
The American trade balance with Africa shows quite a different pattern. The U.S. has run sizeable deficits with Africa since 1972. However, imports from Nigeria account for a large part of it and when Nigeria is excluded, the U.S. trade imbalance is less pronounced. Nevertheless, the magnitude of the numbers is revealing. The size of the U.S. deficit with non-oil Africa has been in the billions of dollars in the late 1970s, and has grown steadily each year since 1972.

CHART 2-1
Japanese and U.S. Balance of Trade with Africa



Source: Appendix D, Table D-1.

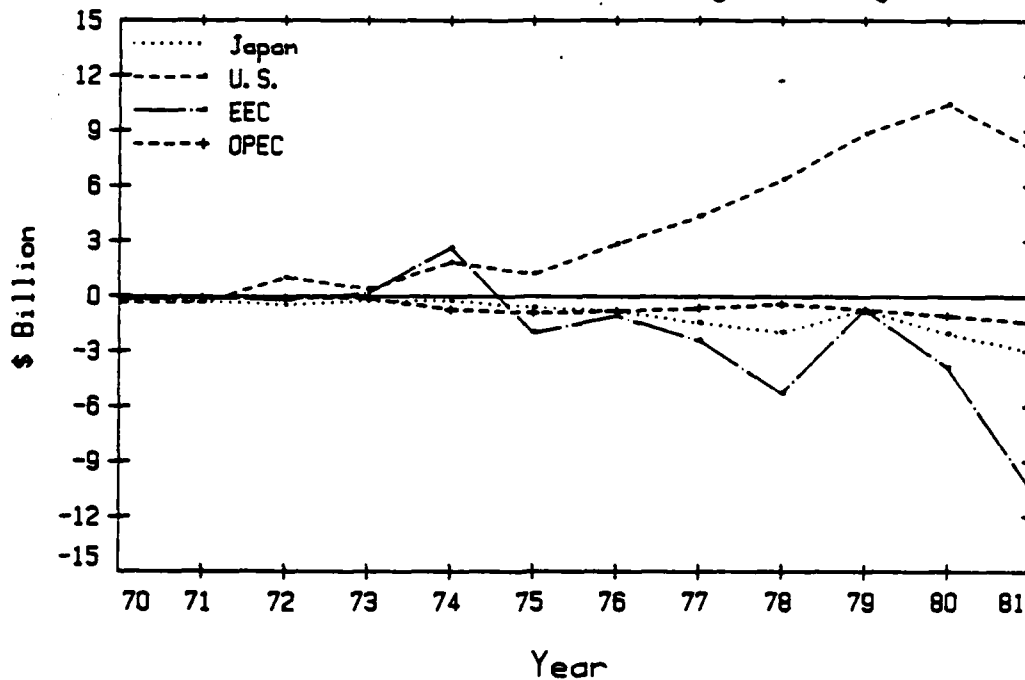
CHART 2-2
Japanese and U.S. Balance of Trade with Africa w/o Nigeria



Source: Appendix D, Table D-2.

CHART 2-3

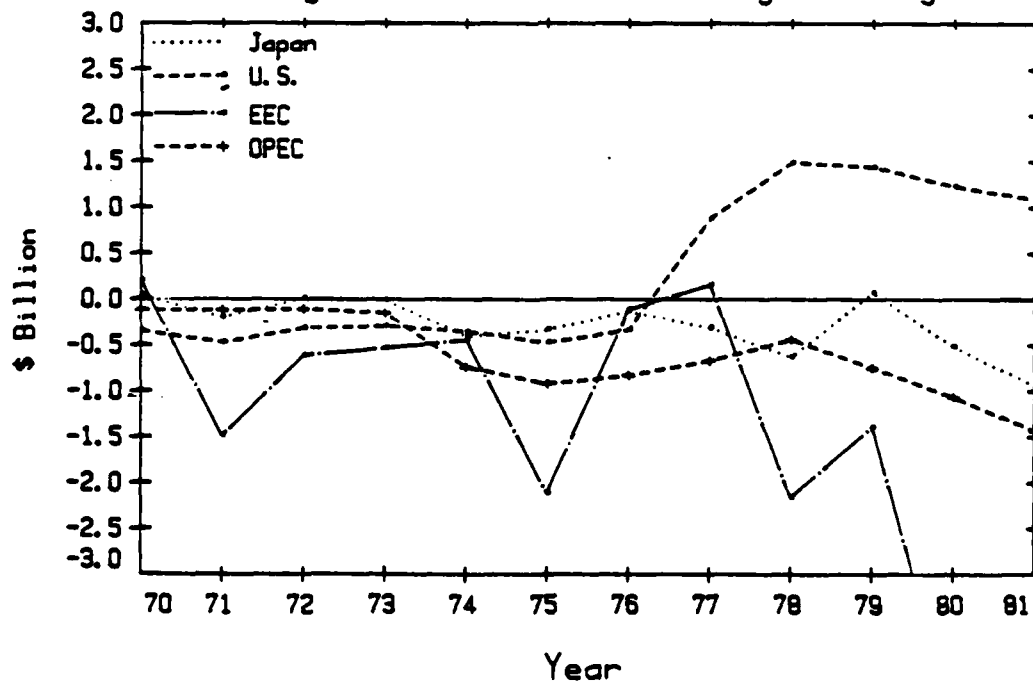
Africa's Balance of Trade with its Major Trading Partners



Source: Appendix D, Table D-3.

CHART 2-4

Africa w/o Nigeria Balance of Trade w/ Major Trading Partners



Source: Appendix D, Table D-4.

Balance of Trade from the African Perspective

Looking at the balance of trade from the African perspective the reverse picture emerges. The Africans run a large trade surplus with the U.S. and a trade deficit with Japan, the oil exporters (except Nigeria) and the EEC. Chart 2-3 depicts the African trade balance between these various groupings. The Africans appear to be earning the foreign exchange needed to purchase manufactured goods and oil imports from the U.S. and spending the money in other markets, mainly in the EEC, Japan and in the OPEC countries.

When Nigeria is excluded as in Chart 2-4, the imbalances are mitigated, but the Africans continue to run trade surpluses with the U.S. which contributes to their ability to purchase imports from Japan, the EEC and the oil exporters.

TABLE 2-6
Composition of Japanese Exports to Africa, 1981

SITC Category ^a	Total Africa		Africa excluding Nigeria		Africa exc. South Africa	
	Volume	Share	Volume	Share	Volume	Share
	(\$ million)	(%)	(\$ million)	(%)	(\$ million)	(%)
Total	5,685.3	100.0	3,526.5	100.0	3,463.3	100.0
Food, Bever. and Tobacco	187.6	3.3	91.7	2.6	155.8	4.5
Fuel	0.0	0.0	0.0	0.0	0.0	0.0
Raw Materials	22.7	0.4	21.2	0.6	0.9	0.0
Chemicals	130.8	2.3	102.3	2.9	58.9	1.7
Manufactured Goods	1,381.5	24.3	881.6	25.0	935.1	27.0
Machinery and Transp. Eq'p.	3,814.8 [#]	67.1	2,302.8 [#]	65.3	2,240.8 [#]	64.7
Miscellaneous Manufactures	136.4	2.4	123.4	3.5	62.3	1.8

^aStandard International Trade Classification.

[#]Excludes exports of ships to Liberia.

Source: White Paper on International Trade (JETRO, Tokyo, 1982)

TABLE 2-7
Composition of Japanese Imports from Africa, 1981

SITC Category*	Total Africa		Africa excluding Nigeria		Africa exc. South Africa	
	Volume	Share	Volume	Share	Volume	Share
	(\$ million)	(%)	(\$ million)	(%)	(\$ million)	(%)
Total	3,416.1	100.0	3,075.7	100.0	1,687.8	100.0
Food, Bever. and Tobacco	732.8	21.5	726.2	23.6	300.6	17.8
Fuel	621.4	18.2	290.2	9.4	357.9	21.2
Raw Materials	766.2	22.4	764.1	24.8	306.3	18.1
Chemicals	64.0	1.9	64.0	2.1	2.5	0.2
Manufactured Goods	881.5	25.8	881.5	28.7	408.2	24.2
Machinery and Transp. Eq'p.	73.4	2.1	73.4	2.4	72.1	4.3
Miscellaneous Manufactures	276.8	8.1	276.4	9.0	240.1	14.2

*Standard International Trade Classification

Source: White Paper on International Trade (JETRO, Tokyo, 1982)

COMPOSITION OF TRADE BETWEEN JAPAN AND AFRICA, U.S. AND AFRICA

Japanese-African Trade Composition

The Japanese trade with Africa follows a predictable pattern -- Japan imports raw materials and exports manufactured goods. Tables 2-6 and 2-7 detail the composition of Japanese-African trade. The majority of Japanese exports to the region are manufactured goods and machinery and transportation equipment which, taken together, account for 91.4% of the total. The remainder of Japanese exports to Africa consist of smatterings of food, beverages, and chemical products. This export composition is representative of the past five or six

years. However, in the past twenty years there has been a change in export composition, away from light manufactures towards heavier industrial products such as transportation equipment and industrial plant exports.

Japanese imports from the African continent are heavily weighted towards minerals such as copper, cobalt, manganese, uranium, petroleum, and mineral fuels such as petroleum and coal. Other important product groups include foodstuffs, mainly coffee, cocoa, and feed-grains. This import composition has changed very little over the past few years. Petroleum has assumed a slightly greater importance, but only because of its increased price and not on a quantity basis. Africa supplies Japan with only 2.5% of its imported petroleum.

TABLE 2-8
Japanese Exports to Major African Trading Partners, 1981

Country	Export Volume (\$ million)	Share of Total Africa (%)	Share of Africa exc. So. Africa (%)
South Africa	2,222	39.1	-
Nigeria	2,159	38.0	62.4
Kenya	143	2.5	4.2
Sudan	101	1.8	2.9
Tanzania	93	1.6	2.7
Ivory Coast	87	1.5	2.5
Zaire	80	1.4	2.3
Ethiopia	66	1.2	1.9
Zambia	52	0.9	1.5
Liberia	46	0.8	1.3
Ghana	33	0.9	0.9
Other	596	10.3	17.7
Total	5,678	100.0	100.0

Source: International Monetary Fund, Directions of Trade (Annual Editions, 1982).

While Japan trades with every country on the African continent, only a handful play a significant role in this exchange. As Table 2-8 shows, eleven countries in Africa account for nearly 90% of Japanese

exports -- Nigeria and South Africa alone purchase about three fourths of all Japanese goods on the continent. Of the black African nations, only 10 countries account for over 80% of all Japanese exports with Nigeria weighing in at over 60% of all of black Africa. Although the data presented here is for 1981, it is representative of recent years since the top ten African trading countries have remained the same.

On the import side, 90% of the goods which the Japanese purchase from Africa come from only 11 African countries and over half of these goods originate in South Africa, as seen in Table 2-9. If South Africa is excluded and only black Africa totals are considered, Nigeria is again an important trading partner, accounting for 20% of Japanese imports from the region. Other important supplying countries are Liberia, Zambia and Ghana.

TABLE 2-9
Japanese Imports from Major African Trading Partners, 1981

Country	Import Volume (\$ million)	Share of Total Africa (%)	Share of Black ^a Africa (%)
South Africa	1,752	51.5	-
Nigeria	339	10.0	20.6
Liberia	308	9.1	18.7
Zambia	272	8.0	16.5
Ghana	119	3.5	7.2
Zaire	71	2.1	4.3
Sudan	57	1.7	3.4
Ivory Coast	51	1.5	3.1
Ethiopia	31	0.9	1.9
Mozambique	27	0.8	1.6
Tanzania	19	0.6	1.2
Other	354	10.4	21.5
Total	3,400	100.0	100.0

^aTotal Africa excluding South Africa.

Source: International Monetary Fund, Directions of Trade (Annual Editions, 1982).

South Africa is far and away the most important partner in Africa as far as the Japanese are concerned. Although the Japanese government has prohibited Japanese investment in South Africa, there are no restrictions on foreign trade. Furthermore, licensing agreements and assembly arrangements do not fall into the investment definition as far as the government is concerned. Several Japanese car manufacturers assemble their vehicles in South Africa and numerous other Japanese firms conduct commercial operations in South Africa and most of the large Japanese trading companies have offices there. While the Japanese government does not have diplomatic relations with South Africa, the chief of the counselor office does have ambassadorial status.

TABLE 2-10
Composition of Imports by Japan from
its Eleven Largest Trading Partners in Africa, 1981
(Percent)

Country	Raw Materials ^{**}	Primary Foodstuffs [#]	Manu- factures	Other
South Africa	73 Iron, Manganese, Chromium, Coal, Platinum ⁺	25 Corn, Sugar, Fruits and Vegetables	-	2
Nigeria	98 Petroleum	2 Seafood	-	-
Kenya	67 Sisal, Fluorspar	21 Corn, Nuts	-	-
Sudan	100 Cotton	-	-	-
Tanzania	16 Sisal	70 Coffee	-	14
Ivory Coast	21 Cotton, Wood	78 Cocoa, Coffee	-	1
Zaire	98 Copper, Copper Alloys	-	-	2
Ethiopia	19 Animal Skins	80 Coffee	-	1
Zambia	99 Copper	1	-	-
Liberia	-	3	23	74 ⁻
Ghana	55 Aluminum Ingots	42 Cocoa	-	-

^{*}Includes minerals and mineral fuels.

[#]Major commodities listed in table.

⁺Includes raw materials that have undergone processing.

⁻Transactions not classified.

Source: White Paper on International Trade Japan 1982 (JETRO, 1982).

Japanese exports to South Africa are mainly manufactured goods, of which 12% are light industrial products and 85% are heavy equipment and chemical products. The Japanese export a wide range of industrial goods to South Africa including substantial amounts of construction equipment, electronics machinery, transportation equipment and motor vehicles and motor vehicle parts for assembly.

South Africa in return supplies the Japanese essential minerals such as iron, manganese and chromium ore, providing 25% of Japanese imports, of which 27% are foodstuffs including corn and animal feeds with the rest being other commodities such as textile inputs of wool and cotton, fuel in the form of coal and other scarce resources including vanadium, platinum and diamonds.

Nigeria has been the most dynamic market in African in terms of Japanese export growth in the last ten years. The Japanese sell sizeable quantities of exports goods to Nigeria, mainly in the form of manufactured products and industrial plant and transportation equipment. Recently Japanese firms have begun setting up assembly plants in Nigeria to supply the local markets with automobiles, motorcycles and other consumer items. Japanese imports from Nigeria consist of petroleum, small amounts of foodstuffs and other raw materials.

Although Liberia appears to be the one country in Africa exporting manufactured goods to Japan, this impression is largely illusory. A close examination of these trade flows reveals that they have little to do with real exchange of goods produced in Liberia. Rather, due to the ease of registering ships in Liberia, these apparent trade flows are mainly paper transactions.

The other eight countries in Table 2-10 comprising the remainder of Japanese-African exchange follow a similar pattern. Japanese exports are composed predominantly of heavy industrial goods and partially of foodstuffs and light industrial products. On the import side nearly all of the Japanese imports from Africa are in the form of raw materials, mainly minerals, mineral fuels, and primary tropical products, such as coffee, cocoa and cotton.

U.S. - African Trade Composition

American trade relations with Africa follow a typical pattern of North-South exchange. The U.S. imports large amounts of raw materials and mineral fuels and exports manufactured goods, machinery and

transportation items. In recent years U.S. exports of foodstuffs to the African continent have also come to play an important role. These trade flows are delineated in Tables 2-11 and 2-12.

TABLE 2-11
Composition of U.S. Exports to Africa, 1980

SITC Category ^a	Total Africa		Africa excluding Nigeria		Africa exc. South Africa	
	Volume	Share	Volume	Share	Volume	Share
	(\$ million)	(%)	(\$ million)	(%)	(\$ million)	(%)
Total	5,529.6	100.0	4,401.1	100.0	2,812.7	100.0
Food, ^b Bever. and Tobacco	990.1	17.9	662.5	15.1	910.2	32.4
Fuel	93.0	1.7	77.3	1.8	49.8	1.8
Raw Materials	344.1	6.2	313.7	7.1	188.4	6.7
Chemicals	563.8	10.2	475.4	10.8	180.9	6.4
Manufactured Goods	654.9	11.8	478.9	10.9	210.5	7.5
Machinery and Transp. Eq'p.	2,440.5	44.1	2,023.7	46.0	1,116.4	39.7
Miscellaneous Manufactures	443.3	8.0	369.7	8.4	156.6	5.6

^aStandard International Trade Classification.

^bIncludes food aid.

Source: U.S. Exports: World Trade by Commodity Groupings, 1980 Annual (U.S. Dept. of Commerce, BUREAU OF CENSUS).

South Africa and Nigeria account for two thirds of U.S. trade with Africa. With almost half of the U.S. sales, South Africa is the most important. In addition to its well-known rare mineral exports, it is the only country in Africa to supply the U.S. with significant quantities of manufactured goods. U.S. imports of Nigerian petroleum dominate Black African trade, followed in importance by minerals and tropical products.

None of the other African countries are prominent in U.S. trade with the continent. Most are exporters of primary tropical products and minerals. While the U.S. is dependent on African minerals, in the larger international perspective the dollar value of these minerals pales in comparison to the monies paid for Nigerian oil.

TABLE 2-12
Composition of U.S. Imports from Africa, 1980

SITC Category*	Total Africa		Africa excluding Nigeria		Africa exc. South Africa	
	Volume	Share	Volume	Share	Volume	Share
	(\$ million)	(%)	(\$ million)	(%)	(\$ million)	(%)
Total	17,989.2	100.0	7,084.1	100.0	14,668.7	100.0
Food, Bever. and Tobacco	1,388.2	7.7	1,317.1	18.6	1,247.2	8.5
Fuel	12,427.3	69.1	1,624.5	22.9	12,401.7	84.6
Raw Materials	597.2	3.3	585.4	8.3	360.9	2.5
Chemicals	56.0	0.3	55.9	0.8	9.8	0.1
Manufactured Goods	2,435.5	13.5	2,422.2	34.2	598.7	4.1
Machinery and Transp. Eq'p.	40.7	0.2	40.6	0.6	7.0	0.1
Miscellaneous Manufactures	1,044.4	5.8	1,038.4	14.7	43.2	0.3

*Standard International Trade Classification

Source: U.S. General Imports: World Trade by Commodity Groupings, 1980
Annual (U.S. Dept. of Commerce, BUREAU OF CENSUS).

TABLE 2-13
U.S. Exports to Most Important African Trading Partners, 1981

Country	Export Volume (\$ million)	Share of Total Africa (%)	Share of Africa Exc. South Af. ^a (%)
South Africa	2,912	44.5	-
Nigeria	1,523	23.3	41.9
Angola	268	4.1	7.4
Sudan	208	3.2	5.7
Ghana	154	2.3	4.2
Cameroon	152	2.3	4.2
Kenya	150	2.3	4.1
Zaire	141	2.2	3.9
Ivory Coast	130	1.9	3.6
Liberia	129	1.9	3.5
Gabon	128	1.9	3.5
Zambia	68	1.0	1.8
Ethiopia	62	0.9	1.7
Somalia	59	0.9	1.6
Guinea	53	0.8	1.5
Tanzania	48	0.7	1.3
Other	464	7.0	12.2
Total	6,549	100.0	100.0

^a Shares constructed as a percentage of Africa excluding South Africa total of \$ 3,637 million.

Source: International Monetary Fund, Directions of Trade (Annual Editions, 1982).

TABLE 2-14
U.S. Imports from Most Important African Trading Partners, 1981

Country	Import Volume (\$ million)	Share of Total - Africa (%)	Share of Africa Exc. South Af.* (%)
Nigeria	9,554	56.2	66.1
South Africa	2,553	15.0	-
Angola	938	5.5	6.5
Cameroon	654	3.8	4.5
Gabon	455	2.7	3.1
Zaire	440	2.6	3.0
Ivory Coast	372	2.2	2.6
Congo	295	1.7	2.0
Ghana	255	1.5	1.6
Liberia	137	0.8	0.9
Botswana	135	0.8	0.9
Guinea	131	0.8	0.9
Zambia	118	0.7	0.8
Zimbabwe	116	0.7	0.8
Other	847	5.0	5.9
Total	17,000	100.0	100.0

* Shares constructed as a percentage of Africa excluding South Africa total of \$ 14,447 million.

Source: International Monetary Fund, Directions of Trade (Annual Editions, 1982).

A Comparison of Japanese and U.S. Trade Composition with Africa

Japanese and American exports to Africa are in competition in a number of categories. Both countries send significant amounts of manufactured goods, machinery and transport equipment to Africa. However, the U.S. has a much more diversified export base which includes foodstuffs, chemicals and some raw materials. The market share analysis showed that Japan made trade gains in African markets while the U.S. did not. Nearly all Japanese exports to Africa are manufactured

goods and equipment which are competitive with U.S. exports. Hence a closer look is in order to compare the exact nature of the two countries' exports, the extent to which they compete with each other and the growth rates exhibited within each export category.

Table 2-15 presents a comparison of U.S. and Japanese exports to Africa by product categories for the years 1970, 1975 and 1980. A number of important changes can be observed. First, there has been a marked change in the U.S. export composition towards foodstuffs and raw materials and away from manufactured goods and machinery and transport equipment. This latter category accounts for the most dramatic drop, declining from 52.0% of total exports in 1970 to 44.1% by 1980.

TABLE 2-15
Comparison of United States and Japanese Exports to Africa
1970, 1975, 1980 (Percent)

SITC Category*	United States			Japan		
	1970	1975	1980	1970	1975	1980
Food, Bev'ges & Tobacco	10.4	11.7	17.9	2.6	2.5	3.5
Fuel Products	1.8	1.4	1.7	0.0	0.0	0.0
Raw Materials	3.9	4.4	6.2	0.4	0.5	0.6
Chemicals	9.2	7.4	10.2	3.7	3.2	2.6
Manufactured Goods	14.8	14.5	11.8	50.2	39.6	28.6
Machinery & Transp. Eq'p.	52.0	53.4	44.1	40.3	51.9	61.6
Misc. Manuf. & Unclass.	8.0	7.1	8.0	2.8	2.3	3.1

*Standard International Trade Classification

Sources: - JETRO, White Paper (1971, 1976, 1982);
- U.S. Exports: World Trade by Commodity Groupings, Annuals
1971, 1976, 1981 (U.S. Dept. of Commerce, BUREAU OF CENSUS).

In contrast, the Japanese export composition has changed in the opposite direction. Exports of machinery and transport equipment increased markedly between 1970 and 1980 and today account for close to two thirds of Japanese exports to the region. Good part of this increase is attributable to export of industrial plant, automobiles, auto chassis and other motor vehicle parts used in the auto and motor-cycle assembly plants in Nigeria.⁴ Meanwhile, the share of manufact-

ured goods (such as steel and textiles) in Japanese exports to Africa declined by nearly half from 50.2% in 1970 to 28.6% in 1980. This shift away from manufactured goods towards capital goods represents a move toward a higher value-added component in Japanese exports. Departing from an early emphasis on exports of light manufactures, the Japanese appear to have shifted towards more sophisticated equipment sales in the more recent past.

TABLE 2-16
Average Annual Real Rates of Growth
of U.S. and Japanese Exports to Africa
by SITC Category, 1970-1980^{*}
(Percent)

SITC Category [#]	U.S.	Japan
Food, Beverages & Tobacco	22.4	21.6
Fuel Products	7.8	0.0
Raw Materials	19.9	25.1
Chemicals	10.9	6.5
Manufactured Goods	5.0	3.4
Machinery & Transportation Equipment	6.0	25.9
Capital Equipment	5.6	17.4
Road Equipment	2.3	26.5
Misc. Manuf. & Unclass.	8.8	16.0
Total Exports	8.8	13.5

^{*}In accordance to OECD practice, real average annual rates of growth have been constructed by use of a U.S.\$ index with base 1980=100.

[#]Standard International Trade Classification.

Sources: - JETRO, White Paper (1972 and 1982);
- U.S. Exports: World Trade by Commodity Grouping, Annals 1970 and 1980 (U.S. Dept. of Commerce, BUREAU OF CENSUS);
- DAC Review (1982).

The picture projected by these trends is confirmed when real growth rates of the different categories are compared in Table 2-16. Whereas U.S. sales of food and beverages have accelerated in the past ten years, Japanese sales of machinery and capital equipment have

increased even more rapidly. Starting from a lower dollar base in 1970, the Japanese exports of machinery and equipment increased at a real average annual rate of 25.9% during the 1970s and today actually surpass U.S. sales in this category on a dollar basis. The only category for which the U.S. sales have accelerated is foodstuffs, but at least 30% of the export value was accounted for by PL 480 transactions, half of them in grant form.

REFERENCES

- (1) See Appendix A for a discussion of general trade patterns.
- (2) The only exception to the non-reverse preference rule is Senegal, which continues to give preference to EEC goods in its markets.
- (3) The International Monetary Fund, Directions of Trade, (Annuals 1975-1980), are the main data sources in the tables, unless otherwise noted.
- (4) See sources cited in U.S. Exports: World Trade by Commodity Groupings, Annuals 1971, 1976, 1981 (U.S. Dept. of Commerce, BUREAU OF CENSUS).

CHAPTER 3

JAPANESE OVERSEAS INVESTMENTS¹

Changes in the pattern of Japan's foreign direct investment have flowed directly from the structural transformation of its domestic economy. Until the mid-1960s Japan was only a minor international investor with modest sums invested in the establishment of sales offices overseas, and in import-substitution industries (primarily in Latin America). Even in Asia, Japan's ventures were on a small scale since most were designed to cater for what were then quite limited domestic markets. During this period most investment was directed towards the transformation of the domestic economy from one based on labor-intensive production of light manufactures (notably textiles) to capital-intensive heavy and chemical industries, and to research-intensive light manufacturing such as electronics. By the mid-1960s, heavy industrialization was completed, thereby transforming Japan's factor endowments. Successful industrialization created a labor shortage and rapidly pushed up real wages; in the process Japan's competitiveness in the export of labor-intensive products was undermined.

Declining shares of the world market in light manufactured products as a result of loss of competitiveness was one factor which encouraged investment overseas -- to take advantage of the abundant labor supply positions of many of Japan's neighbors. Several other factors served to "push" investment overseas including increasing concern over the environmental costs of heavy industry, and the rapid increase in domestic land values. A number of factors specific to potential hosts simultaneously combined to attract Japanese investment, most notably: the availability of raw materials on which Japan was becoming increasingly dependent; and overseas government policies which offered incentives to foreign investors -- positive in the form of tax holidays, generous depreciation allowances, etc., negative by way of protectionist legislation designed to promote local manufacturing through import substitution.

TABLE 3-1
Value of Japan's Total Direct Foreign Investment

Fiscal Year	Foreign Direct Investment (\$ million)	Cumulative Value (\$ million)	Growth Rate (%)
1951-61	447	447	
1962	98	545	21.8
1963	126	671	23.1
1964	119	790	17.7
1965	159	949	20.1
1966	227	1176	23.9
1967	275	1451	23.4
1968	557	2008	38.4
1969	665	2673	33.1
1970	904	3577	33.8
1971	858	4435	24.0
1972	2338	6773	52.7
1973	3494	10267	51.6
1974	2396	12663	23.3
1975	3280	15943	25.9
1976	3462	19405	21.7
1977	2806	22211	14.5
1978	4598	26809	20.7
1979	4995	31804	18.6
1980	4693	36497	14.8
1981	8906	45403	24.4

Source: Data for 1951-1977 from Terutomo Ozawa, Multinationalism, Japanese Style, (Princeton: Princeton University Press, 1979) p. 12; for 1978-1981 from MITI, Direct Overseas Investments from Japanese Companies (annual).

Increased overseas investment was facilitated by the emergence of an export surplus in 1965. This enabled the government to relax controls on capital outflow: in 1969 the system of screening investment proposals on a case-by-case basis was supplemented by automatic approval for investments of less than \$200,000; in 1970 this limit was raised to \$1 million and then eliminated entirely in the following year. This year proved to be a watershed in the history of Japan's

foreign direct investment (FDI), in large part because the end of the Bretton Woods monetary system and the subsequent devaluation of the dollar caused a rapid appreciation of the yen -- and, of course, an increase in the volume of overseas assets that could be obtained with any given yen investment.

The Japanese Record in Foreign Direct Investment

As Table 3-1 shows, cumulative FDI doubled in value from 1968 to 1971, and then doubled again by 1973. One of the most striking features of the table is the ability displayed by the Japanese industry to maintain rates of growth of FDI averaging over 20% p.a. despite an ever-increasing numerical base. But despite this high rate of growth, total Japanese investment lags far behind that of the U.S. which, despite a lower rate of growth, still increases each year by a substantially larger absolute figure than that of Japan (see Table E-1 in Appendix E).

TABLE 3-2
Geographical Distribution of Japanese Foreign Direct Investment, 1981
(% of Total Value)

North America	Latin America	Asia	Middle & Near East	Europe	Africa*	Oceania
27.1	16.2	29.0	5.2	11.6	4.4	6.5

*Africa includes North Africa

Source: Calculated from data in MITI, Direct Overseas Investment from Japanese Companies in Fiscal 1981, Table 4.

Africa is the least favored of the regions used by the Ministry of International Trade and Industry (MITI) in examining the geographical distribution of Japan's FDI (see Table 3-2). Africa's share of Japan's total overseas investment has risen from 2.1% in 1971 to 4.4% in 1981, but this figure includes investments in North Africa, particularly Libya. Sub-Saharan Africa accounts for less than 1.7% of the cumulative total of Japan's postwar overseas investment. This translates to a total of only \$US 1,417.6 millions. Africa merited only one paragraph in a recent comprehensive survey of Japanese multinationalism -- a book of 289 pages!² It is worth noting in passing,

however, that whereas Africa's share in total Japanese investments has been rising, that of Africa in total U.S. FDI (and in U.S. FDI in developing countries) has fallen since the early 1970s (see Tables E-2 through E-5 in Appendix E).

Detailed figures on the overseas activities of Japanese corporations are available from both government and private sources. Table 3-3 provides a country-by-country breakdown of the major Japanese investments in sub-Saharan Africa. A cursory glance at the table reveals the heavy concentration in a limited number of countries. Over one-half of the sub-Saharan African total is invested in Liberia, mainly in shipping companies (many of which remain 100% Japanese-owned). The other principal hosts are three countries in which Japan has interests in mining -- Niger, Zambia, and Zaire -- and Nigeria, where Japanese investors have promoted import-substituting manufacturing industries. Together these countries account for over 90% of Japan's sub-Saharan investment: a total of only \$100 million has been invested in all other black African countries. There are a number of surprising features in the table, e.g., Japan has invested nearly as much in Mozambique as in Kenya, while language barriers have not prevented considerable activity in francophone Africa.

Table 3-4 provides a breakdown of Japanese investments in Africa (including North Africa) by sector. Manufacturing activities, as would be expected, account for only a small percentage of total investments. One factor of interest here is the increasing share of metals manufacturing, which has replaced textiles as the most important sector in Japanese manufacturing investments. In nonmanufacturing activities, the largest single category is "Others" -- presumably largely accounted for by Japanese shipping firms in Liberia. Next in importance is mining, which accounts for over 25% of total Japanese investment in Africa. In recent years the major growth areas have been metals manufacturing with three new investments from 1979 to 1981 amounting to \$58 million, and mining (with 29 new investments in the same period with a value of \$56 millions). Owing to the lack of data, it is difficult to provide a comparable analysis for the U.S.: Table E-6 provides a rudimentary breakdown of U.S. investment by sector in Africa in 1978; its most notable feature is the preponderant role of investments in petroleum.

TABLE 3-3
Country Breakdown of Japanese Gross Investment in Black Africa: Selected African Countries*
(\$ thousand; figures in parentheses are number of cases)

Country	51-69#	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	Total
Cameroon	1,308 (2)	227											39 (2)	1,573 (4)
Ethiopia	3,732 (7)	330 (2)		243 (2)	2,525 (2)									6,831 (13)
Gabon	430 (2)	18 (1)	111				441 (1)	7,520 (2)	10,248 (3)		6,204 (1)	6,594 (4)	29,697 (15)	61,518 (30)
Gambia		192 (1)	200 (1)		1,410 (2)									1,802 (4)
Ghana	50 (1)			288 (2)	21 (1)			720						1,080 (4)
Guinea				1,020 (1)	370 (3)	2,715 (4)	848 (3)	2,378 (1)				180 (N.A.)	6,200 (N.A.)	13,712 (N.A.)
Ivory Coast	585 (2)	234 (1)	41 (1)		3,218 (2)	757 (2)	452 (1)	417 (2)					30,360 (N.A.)	42,110 (N.A.)
Kenya	2,408 (11)	1,052 (4)	130 (1)	258 (4)	1,832 (4)	1,099 (5)	527 (1)		290 (3)		44			8,322 (37)
Liberia	90 (2)	6,041 (4)	233 (5)	10,344 (14)	3,347 (23)	22,291 (40)	86,291 (48)	145,254 (64)	95,184 (35)	181,604 (34)	130,330 (37)	84,580 (40)	466,073 (68)	1,431,662 (414)
Madagascar	261 (3)	70	2,177 (4)	1 (1)	2,026 (5)	1,541 (4)	256 (2)		170 (1)	1,724 (1)	2,691 (3)	141 (1)		11,066 (25)
Mauritania			3,938 (2)		323 (1)									4,262 (3)
Mauritius	17 (1)	89 (1)		19		720 (1)				3,983 (1)	99	130 (1)		5,050 (5)
Mozambique										76 (1)	2,372 (1)	3,756 (1)	1,931 (1)	8,136 (4)
Namibia	364 (1)													364 (1)
Niger					1,265 (1)	1,181 (1)	6,023 (1)	31,333 (2)	3,571 (1)	17,778 (3)	11,760 (1)		4,430 (2)	77,344 (12)

TABLE 3-3 (cont'd)

Country	51-69 [#]	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	Total
Nigeria	9,419 (12)	2,351 (3)	8,086 (2)	17,128 (6)	20,882 (4)	20,022 (5)	34,042 (8)	12,634 (3)	4,802 (5)	3,337 (8)	8,751 (11)	11,554 (7)	10,610 (N.A.)	163,618 (78)
Rwanda	50 (1)					17					100 (1)			167 (2)
Senegal				1,276 (2)	359 (3)	2,026 (6)	2,230 (2)		588 (2)	1,241 (3)	63	69 (1)	57	7,914 (19)
Sierra Leone	50 (1)	100 (1)												150 (2)
Sudan	602 (2)				266	312 (1)	1,012	1,562						3,756 (3)
Swaziland				8 (1)			230 (1)		1,725 (1)	290 (1)	1,266			3,519 (4)
Tanzania	1,394 (8)	69	474 (1)	280	400 (1)	1,299 (1)		813 (1)	47 (1)	227 (1)	151 (2)	332 (2)		5,491 (18)
Uganda	234 (4)		36					240 (1)	34					547 (5)
Upper Volta							1,031 (2)	86 (1)				26 (1)		1,146 (4)
Zaire	13,603 (5)	3,075 (4)	6,685 (3)	2,536 (4)	67,338 (7)		57,693 (8)	68,781 (7)	14,000 (3)	7,430 (3)		3,700 (1)	14,240 (6)	259,084 (51)
Zambia	43,410 (3)	8 (1)			166 (2)	283 (2)	564 (4)					443	55,000 (2)	90,870 (14)
Zimbabwe	70 (1)												720 (1)	790 (2)

[#]For Angola, Benin, Botswana, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Congo, Djibouti, Equatorial Guinea, Guinea Bissau, Lesotho, Sao Tome, Seychelles, Somalia, Togo; the combined 1960-1981 flow of direct investment and export credits amounted to only \$23.4 million. Thus, direct investment for these countries, if any, is minuscule. The only countries for which substantial gross investment data is missing are Malawi and Mali. #1951-1969 cumulative total.

Note: A figure listed without a corresponding number of cases (in parentheses) represents additional investment by an existing firm.

Source: MITI, internal mimeo document.

TABLE 3-4
Sectoral Distribution of Japanese Investment in Africa,* 1981

	Cases	Value (\$ million)	Share of total Japanese African Investment (%)	Share in total Japanese FDI in this category (%)
<u>Manufacturing Subtotal</u>	(126)	(154)	(7.6)	(1.0)
Food	29	8	0.4	1.1
Textiles	48	38	1.9	2.2
Lumber & Pulp	1	-#	-#	-#
Chemicals	8	16	0.8	0.6
Ferrous & nonferr. metals	23	75	3.7	2.4
Electrical machinery	6	5	0.2	0.2
Transport machinery	3	6	0.3	0.4
Others	8	6	0.3	0.6
<u>Nonmanufacturing Subtotal</u>	(667)	(1860)	(92.2)	(6.5)
Agriculture and Forestry	12	7	0.4	1.0
Fisheries and marine	67	54	2.7	16.1
Mining	115	516	25.6	5.4
Construction	12	19	0.9	3.9
Commerce	20	3	0.2	0.1
Banking & Insurance	11	2	0.1	0.1
Services	37	283	14.0	14.0
Transportation	43	199	9.9	27.6
Others	350	777	38.5	16.7
<u>Branch Establishment and Expansion</u>	10	1	0.1	-#
<u>Real estate</u>	21	2	0.1	0.3
<u>TOTAL</u>	824	2018	100.0	4.4

* Africa includes North Africa

Negligible

Source: Calculated from data in Table 4 of Direct Overseas Investment from Japanese Companies in Fiscal 1981 (MITI, 1982).

Japanese Investments in African Minerals

There are presently eleven major minerals ventures in Africa which involve substantial Japanese participation. These are listed in Table 3-5 -- the next chapter discusses the incentives which the Japanese government provides for overseas minerals exploration.

TABLE 3-5
Minerals Exploitation by Japanese firms in Africa

Country	Mineral	Number of Joint-ventures
Gabon	oil	2
Kenya	fluorspar	1*
Liberia	iron	1#
Niger	uranium	2~
Senegal	iron	1
Zaire	copper	2
	oil	1

* currently being phased out

at projection stage

~ one at projection stage

Source: Document provided by MITI.

In addition to these eleven projects, the Mineral Mining Agency is supporting exploration work in the Ingessana Hills in Sudan in search of chromite deposits, and in the Tessoum area of central Niger where exploratory drilling for uranium deposits is underway. In the petroleum field there are currently three projects in Black Africa. Two are in Gabon: the first, established in February 1972, involves the Mitsubishi Group and other Japanese partners with 50% of the equity being held by the SNEA. The total capital invested is 22.75 billion yen. The second project -- the Gabon Oil Co. Ltd -- was initiated in March 1974. Here two Japanese consortia -- World Energy Development, and C. Itoh Energy Development -- are in partnership with ELF (30% shareholding) in an investment which totals 0.50 billion yen. The final petroleum project currently under way in Africa is in Zaire. This was established in August 1970 with Teikoku Oil in partnership

with Muanda (Belgium) and Gulf whose shareholdings in the 2.04 billion yen investment are 17.72% and 50%, respectively. To date, Japan has been involved in petroleum production in Nigeria -- an official of Mitsui, interviewed in Tokyo in January 1983, stated that his company had lost interest in a joint project in Nigeria as a result of changing Nigerian demands which would have made production unprofitable for the Japanese partner. In total, Africa accounts for 24% of Japan's overseas investments in the production of oil, 15% of its investments in iron ore, and 24% of its total overseas investments in copper production.

Table 3-6 reproduces a review undertaken by the Oriental Economist of principal Japanese overseas investments. It is immediately obvious that few of the reasons cited in the first part of this chapter for the growth of Japan's FDI apply to its investments in Africa. Inexpensive local labor is seldom mentioned by the corporations as a reason for locating in Africa: more frequently, reference is made to government policies which make local production more profitable than supplying the market from overseas. Two principal investment objectives are listed: the procurement of raw materials, and the gaining of royalties. None of the manufacturing concerns export to Japan: only one company, Nigerian-based, mentions as one of its objectives the supply of third-country markets. Apart from the Liberian-based shipping companies, most of the projects are joint ventures with fairly small capital.

The Role of the Trading Companies in Foreign Investment

Notable among the names of the investors are the sogo shosha, the major Japanese trading companies. Mitsubishi, Marubeni, C. Itoh, Nichimen, Mitsui, and Sumitomo are prominent in a number of ventures, sometimes in association with smaller Japanese companies. The trading companies play a unique and significant role in Japanese foreign trade. The origins of the trading companies date back to the 1870's when Japan resumed international trade after more than 200 years of self-imposed isolation. Major business interests set up specialized divisions or separate companies to provide the necessary expertise for pursuing new export opportunities, finding sources of raw materials and other imported products and promoting industrial development in Japan. The need for specialized trading companies grew out of the ignorance of the Japanese of foreign markets, their lack of knowledge of foreign languages and their desire to participate in the world economy.³

TABLE 3-6
Japanese Investments in Africa by Country and Firm

Ethiopia									
Japanese Investors	Capital Ratio (%)	Names of Companies	Date of Operation Start	Capital (In Ethiopian dollars)	No. of Employees	Major Business Lines	Annual Sales or Production ('78)	Partner Firms	Investment Business Objectives Results Location
Mitsubishi Corp.	100	Mitsubishi Ethiopia Trading Private Ltd.		300,000		Trading		-	Addis Ababa
Mitsubishi Corp.	45	Ethio-Japan Auto Services Private Ltd.	Dec. '72	500,000		Sales of automobile tires		E. Amalgamated (41%), Mitsubishi Ethiopia Trading (5%)	Addis Ababa
Toray Industries	32.45	Ethio-Japanese Synthetic Textiles Share Co.	Sept. '66	3.33 Birr.	530	Nylon fabrics; dyeing & finishing	5.5 Birr.	Ministry of National Resources (50%)	Paying dividend Addis Ababa
Yokohama Rubber Mitsubishi Corp.	5.2 0.9	Addis Tyre Co., S.C.	Oct. '72	\$2.87 mil.	600	Automobile tires & tubes	2,200 tons	Ministry of Industry (93.9%) ^g	Breaking even Addis Ababa
Kenya									
Japanese Investors	Capital Ratio (%)	Names of Companies	Date of Operation Start	Capital (In Kenya shillings)	No. of Employees	Major Business Lines	Annual Sales or Production ('78)	Partner Firms	Investment Business Objectives Results Location
Chori	100	Chori East Africa Co.	May '64	350,000		Imports of textile machinery, chemicals, steel raw materials		-	e f Nairobi
Hirata Spinning	45	Kenya Fishnet Industries Ltd.	May '72	2 mil.	90	Fishing nets	60 tons; \$800,000	ICDC, Hon. W.O. Omamo (55%)	d g i Kisumu
Iwatani & Co.	50	Iwatani-Lonata Vermiculite Co. of Kenya Ltd.	Feb. '74	814,000	35	Development & imports of iron ores		Lonata Promotion Ltd. (50%)	a Nairobi
Sanyo Electric	48	African Radio Mfg. Co.	Capital participation in Jan. '73	4.4 mil.	240	Household electric appliances		ICDC, other (52%)	e Paying dividend Nairobi
Shikibu Nomura Trading	24.54 24.54	United Textile Industry (Kenya)	Feb. '64	8 mil.	700	Cotton print	KS26.46 mil.	Mar. Lakhamsi (50.92%)	c d i Thika
Liberia									
Japanese Investors	Capital Ratio (%)	Names of Companies	Date of Operation Start	Capital (In U.S. dollars)	No. of Employees	Major Business Lines	Annual Sales or Production ('78)	Partner Firms	Investment Business Objectives Results Location
Daiichi Chuo Kuen	100	Pacific Global Transport (Liberia), Inc.	Jan. '76	1 mil.		Shipping	\$1.69 mil.	-	e Breaking even Monrovia
Japan Line	100	Delphi Tankers Co.	Dec. '71	10,000		Shipping		-	Monrovia
Japan Line	100	Erato Shipping Inc.	May '72	10,000		Shipping		-	Monrovia
Japan Line	100	Hillside Shipping Ltd.	Oct. '75	1.7 mil.		Shipping, related business		-	c d Monrovia
Japan Line	100	Northern Islanders Shipping Ltd.	Oct. '76	5,000		Shipping, related business		-	c d Monrovia

Source: Reprinted from The Oriental Economist (October 1980), pp. 38-43.

Japanese Investors	Capital Ratio (%)	Names of Companies	Date of Operation Start	Capital (in U.S. dollars)	No. of Employees	Major Business Lines	Annual Sales or Production ('78)	Partner Firms	Investment Business Objectives Results	Location
Japan Line	100	Bayard Tanker Corp.	'77	9,300		Shipping, related business		-	c d	Monrovia
Japan Line	100	Southern Islanders Shipping Ltd.	July '77	5,000		Shipping, related business		-	c d	Monrovia
Kawasaki Kisen	100	Luna Navigation Co.	Absorbed in Sept. '77	700,000		Shipping	\$2.62 mil.	-	c g h	Monrovia
Kawasaki Kisen	100	Diamond River Co.	Apr. '72	500		Shipping		-		Monrovia
Kawasaki Kisen	40	Pan Asia Tanker Services Inc.	May '73	6,250		Shipping		Island Navigation (60%)		Monrovia
Kawasaki Kisen C. Itoh & Co.	34 } 33 }	Univenture Shipping Corp.	July '73	50,000		Shipping		Motorships (33%)	g	Monrovia
Kawasaki Kisen	100	Rioship Co.	Aug. '73	2.4 mil.		Shipping		-		Monrovia
Kawasaki Kisen	50	Gemini Maritime Corp.	June '74	1 mil.		Shipping		Intermarine Maritime Corp. (50%)	c	Monrovia
Kawasaki Kisen	100	Argus Shipping Co.	Oct. '77	1,000		Shipping		-	g h	Monrovia
Kawasaki Steel Corp., Nissho Iwai Corp., Toyo Menka Kaisha, Marubeni Corp., C. Itoh & Co.	30.8 }	Liberia Iron & Steel Corp.	Planned	20.48 mil.	100	Mining		Amax, LIAC, other (69.2%)	a	Monrovia
Mitsui & Co.	100	Lepta Shipping Co.	Apr. '74	3 mil.		Shipping		-		Monrovia
Mitsui & Co.	100	Graciela Shipping Co.	Dec. '78	1,000		Shipping		-		Monrovia
Mitsui & Co.	100	Bright Shipping Inc.	Apr. '79	10,000		Shipping		-		Monrovia
Mitsui & Co. Kandaru Kisen	50 } 50 }	Tri-Ever Shipping Ltd.	May '78	2.8 mil.		Shipping		-		Monrovia
Sanko Steamship Toyo Menka Kaisha	50 } 50 }	Green Shipping & Trading S.A.	Nov. '76	4.4 mil.		Shipping		-		Monrovia
Sanko Steamship Toyo Menka Kaisha	50 } 50 }	Santo Shipping & Trading S.A.	Apr. '76	4.4 mil.		Ship holding, leasing of ships		-		Monrovia
Shinwa Kaifu	20	Liberian Angel Transports Inc.	May '73	1.5 mil.		Loans		-		Monrovia
Nippon Suisan	100	Excellent Steamship Co.	Feb. '75	1.6 mil.		Shipping	\$280,000	-	c	Breaking even Monrovia
Showa Line	100	Vivid Transport Inc., Liberia	Sept. '79	2,000		Ship holding, leasing of ships		-	g h	Breaking even Monrovia
Showa Line	50	Septa Shipping Ltd.	Dec. '74	5,000		Shipping		Fairmont Enterprise (50%)		Monrovia

Japanese Investors	Capital Ratio (%)	Names of Companies	Date of Operation Start	Capital (in U.S. dollars)	No. of Employees	Major Business Lines	Annual Sales or Production ('78)	Partner Firms	Investment Business Objectives Results	Location
Showa Line	50	Continental Bulkcarriers Inc.	Apr. '74	5,000		Shipping		Maritime Foundation (50%)		Monrovia
Showa Line	50	Octa Shipping Ltd.	Feb. '75	5,000		Shipping		Fairmont Enterprises (50%)		Monrovia
Showa Line	100	Alloth Transport Inc.	Nov. '76	10,000		Shipping		-		Monrovia
Showa Line	50	Liberian Sonia Transports Inc.	Mar. '76	5,000		Shipping		Liberian Raffia Transport (50%)		Monrovia
Showa Line	100	Liberian Coral Transports Inc.	Mar. '76	500		Shipping, subsidiary of Liberian Sonia Transports		-		Monrovia
Showa Line	100	Liberian Ivory Transports Inc.	Mar. '76	500		Shipping		-		Monrovia
Showa Line	100	Benetnasch Transport Inc.	July '76	10,000		Shipping		-		Monrovia
Showa Line	100	Dubhe Transport Inc., Liberia	Dec. '77	2.31 mil.		Shipping		-		Monrovia
Showa Line	100	Lucid Shipping Inc.	Oct. '77	1,000		Shipping		-		Monrovia
Showa Line	100	Sun Shipping (Liberia) Inc.	Dec. '78	500		Ship holding, leasing of ships	\$2 mil.	-	g h	Monrovia
Showa Line	100	Taharos Maritime Inc., Liberia	Mar. '78	10,000		Shipping		-		Monrovia
Taiheiyō Kaifu	100	Carina Navigation Corp.	Mar. '77	1,000		Shipping	\$2.56 mil.	-	e	Monrovia
Taiheiyō Kaifu	66.7	Oceanhope Shipping Co.	Apr. '78	3,000		Shipping	\$3.8 mil.	Hop Chung Shipping Co. (33.3%)	e	Monrovia
Tamat Shosen	100	T.S. Central Shipping Co.	'75	1,000		Shipping	\$2.41 mil.	-	g h	Monrovia
Toyo Menka Kaisha	15	Straits Shipping & Trading Inc.	Aug. '78	6.5 mil.		Shipping		Demeter Shipping Co. (85%)		Monrovia
Taiyo Fishery	100	East Atlantic Ltd.	'73	5.3 mil.		Shipping		-		Monrovia
Taiyo Fishery	100	New Eastern Ltd.	'75	3.2 mil.		Shipping		-		Monrovia
Yamashita-Shin-nihon Steamship	100	Valiant Shipping Co.	May '71	50,000		Shipping		-	c	Monrovia
Yamashita-Shin-nihon Steamship	100	Hoover Shipping Co.	May '71	50,000		Shipping		-	c	Monrovia
Yamashita-Shin-nihon Steamship	100	Sunny Shipping Co.	June '71	120,000		Shipping		-	c	Monrovia
Yamashita-Shin-nihon Steamship	100	Liberian Panda Transports, Inc.	'78	500		Shipping		-	c	Monrovia

Nigeria

Japanese Investors	Capital Ratio (%)	Names of Companies	Date of Operation Start	Capital (In Nigerian pounds)	No. of Employees	Major Business Lines	Annual Sales or Production ('78)	Partner Firms	Investment Objectives	Location
C. Itoh & Co.	40	C. Itoh & Co. (Nigeria) Ltd.	Oct. '78	2,400		Data collection, other activities		Chief Thomas (30%), other (30%)	r	Lagos
C. Itoh & Co. Yodogawa Steel Works	24 } 12 }	Galvanizing Industries Ltd.	May '64	2.5 mil.	504	Production of galvanized iron sheets		CFAO, other (64%)		Lagos
Daiwa Spinning Co. Ltd.	5.3 } 5.3 }	Bhojsons Industries Ltd.	Nov. '70	4.28 mil.	670	Woven cloths; dyeing & processing	\$23.6 mil.; 840 yards	Local capital (89.4%)	e	Lagos
Hirata Spinning Asahi Chemical Ind. C. Itoh & Co.	22.5 } 19.4 } 22.5 }	Ninetco Ltd. (each)	Sept. '71	1.2 mil.	492	Processing of nylon fishing nets		CFAO (38.75%)	g r	Lagos
Honda Motor			Planned			Production of motor-cycles		Local capital	e i	Lagos
Kuraray Marubeni Corp.	11 } 6 }	Woolen & Synthetic Textile Mfg. Ltd.	Capital participation in Mar. '70	800,000	319	Woven cloths, knitted goods	Nz5 mil.	N.I.D.B. (20%), J.T. Chanral, other (63%)	g i	Lagos
Mitsubishi Corp. Kobe Steel	17.3 } 10.2 }	Standard Industrial Development Co.	July '77	1 mil.		Small-caliber steel tubes, light section steel		John Holt Nigerian Pension Scheme, other (72.5%)	e i	Lagos
Mitsui & Co.	30	Nigerian Wire Industries Ltd.	Nov. '73	2.5 mil.	700	Production of steel rod secondary products		Bridon Ltd., other (70%)	e j	Lagos
Nichimen	20	Metcome Nigeria Ltd.	Jan. '77	1 mil.	63	Processing & sales of steel products	Nz9.48 mil.	J.R. Anyachie & Co. (40%), other (40%)	e e i	Aba
Nippon Kokan Marubeni Corp. G.M. Kato & Co.	19.1 } 19.1 } 1.3 }	Pioneer Metal Products Co.	June '64	3.12 mil.	540	Galvanized iron sheets	60,000 tons; Nz19 mil.	Paterson Zochonis, G.H. Elice, other (60.5%)	d e i	Lagos
Sanyo Electric Marubeni Corp.	15 } 15 }	Sanyo Nigeria Ltd.	Feb. '69	800,000	350	Assembly & sales of home electric appliances		A.G. Leventis, individual investors (70%)	e	Ibadan
Sekisui Chemical Nichimen	30 } 10 }	Eston Nigeria Ltd.	'77	600,000		Polyvinyl chloride pipes, polyethylene films		NNIL (30%), NNIL, other (30%)	e i	Kaduna
Sumitomo Corp.	40	Sumitomo Shoji Kaisha (Nigeria) Ltd.	Dec. '78	10,000	11	Marketing surveying, data collection		Local capital (60%)	f	Lagos
Sumitomo Electric Ind. Sumitomo Corp.	40 } 20 }	Nigerian Wire & Cable Co.	Apr. '78	2.8 mil.	245	Electric wires & cables		Odu's Investment Co. (40%)	i	Ibadan
Taiyo Fishery	30	Osadjere Fishing Co.	Sept. '74	1 mil.	382	Prawn trawling; processing, freezing & sales of marine products		Ibru Seafood Ltd. (70%)	a	Lagos
Teijin C. Itoh & Co.	25 } 25 }	Nigeria Teijin Textiles Ltd.	Apr. '71	3.1 mil.	1,055	Spinning, weaving, dyeing & processing of Tetoron, rayon	\$12.94 mil.	CFAO Nigeria Ltd. (50%)	c d i	Lagos

Zaire

Japanese Investors	Capital Ratio (%)	Names of Companies	Date of Operation Start	Capital (In Nigerian pounds)	No. of Employees	Major Business Lines	Annual Sales or Production ('78)	Partner Firms	Investment Business Objectives Results	Location
Tosny Industries	19.3	General Cotton Mill Ltd.	Capital participation in Sept. '73	8.4 mil.	2,950	Spinning & weaving of polyester/cotton mixed fabrics	\$40 mil.	Startex, other (80.7%)	c d	Lagos
Toyobo & 8 other spinners	44.9	Arewa Textiles Ltd.	Apr. '65	8.02 mil.	3,500	Dyeing, spinning, weaving & processing	N\$2.0 mil.	Local capital (40%), U.S., British firms (15.1%)	f	Lagos
Unitika Nishimen	26 } 25 }	Zaria Industries Ltd.	Apr. '75	1.96 mil.	489	Spinning, weaving, processing & sales of canvas	N\$3.8 mil.	Kaduna Investment Co., Industrial Development Bank (49%)	c d i	Kaduna
Japan Steel Works	52	Societe de Developement Industrial et Minier du Zaire	Oct. '72	\$6 mil.	2,458	Copper mining		Zaire government (15%)	a	Lumumbashi
Furukawa Mining	9									
Mitsubishi Metal	6									
Nishio-Iwai	5									
Dowa Mining	4									
Long-Term Credit Bank of Japan	0.625	Societe Financiere de Developement	Capital participation in June '70	4 mil.		Medium- & long-term loans		I.F.C. (17.75%), local government, local banks, other (80.375%)		Kinshasa
Bank of Tokyo	0.625									
Industrial Bank of Japan	0.625									
Marubeni Corp.	16	Societe Miniere de Moba	Planned	250,000		Development of copper mines		SEREM (32%), SOGEREM (16%), SNPA (16%), Zaire government (20%)	a	Kinshasa
Mitsui & Co.	14	Societe Miniere de Tenke-Fungurume	Jan. '71	2 mil.	850	Non-ferrous metal ores & other natural resources development		Zaire government, other (86%)	a	Kinshasa
Mitsui & Co.	14	Societe Internationale des Mines du Zaire	Jan. '72	2 mil.		Non-ferrous metal ores & other natural resources development		Zaire government, other (86%)	a	Kinshasa
Mitsui Bank	10	CITI Bank (Zaire) S.A.R.L.	Capital participation in Apr. '74	250,000	60	General banking		Local capital (90%)		Kinshasa
Nishimen	18	C.P.A. Zaire S.A.R.L.	Capital participation in Nov. '72	4.37 mil.	1,010	Dyeing & processing	230 mil.	Tootal (30%), Gamma Holding (20%), SIMIS (22.5%), local government (9.5%)	r	Kinshasa
Yodogawa Steel Works	10	Societe de Galvanisation de Kinshasa	Feb. '71	600,000	106	Galvanized iron sheets		Mr. Rawji, other (80%)	d	Kinshasa
C. Itoh & Co.	10									

Notes: The survey is primarily based on questionnaires sent to and returned from leading Japanese corporations, both listed and unlisted on the nation's stock exchanges, as well as telephone calls and other methods of inquiry. The survey is as of May, 1979 and mostly covers companies listed on the stock exchanges in Tokyo, Osaka and Nagoya. Unlisted companies also are covered in case they have joint investments with listed companies. Unlisted companies can easily be differentiated from their listed counterparts as they are printed in *italics*. Investment cases are eliminated when unlisted companies have greater investment shares than their listed partners.

Investment Reasons and Objectives (a . . . procurement of raw materials; b . . . easy local production due to abundant natural resources; c . . . utilization of inexpensive labor and reduction of costs; d . . . more profitable local production due to industrial promotion and protection policies taken by governments; e . . . expansion of sales to local and third-country markets; f . . . data collection; g . . . other purposes; h . . . gaining of royalties; i . . . local market; j . . . exports to third-countries). \$ = U.S. dollars.

TABLE 3-7
Offices of Japanese Trading Firms in Africa*

	Mitsu- bishi	Mitsui	Maru- beni	Kane- matsu#	C.Itoh	Sumi- tomo
Johannesburg	X	XX	XX	X	XX	XX
Kinshasa	X	X	--	--	X	X
Kitwe	X	X	--	--	--	--
Lusaka	X	X	X	--	X	X
Harare	X	X	--	--	X	X
Nairobi	X	X	XX	--	X	X
Dar es Salaam	X	X	X	--	X	X
Abidjan	X	X	X	--	X	X
Addis Ababa	XX	X	X	--	X	--
Lagos	X	X	--	--	--	--
Douala	XX	X	X	--	XX	--
Khartoum	X	X	X	X	--	--
Cairo	X	X	XX	X	X	X
Lagos	XX	XX	XX	--	X	X
Luanda	--	X	--	--	X	X
Yaounde	--	XX	--	--	--	--
Accra	--	--	X	--	X	--
Dakar	--	--	--	X	--	--
Libreville	--	--	--	--	X	--
Tananarivo	--	--	--	--	X	X
Maputo	--	--	--	--	--	X

*Offices located on African Continent.

#Kanematsu Gosho.

Notes: X Shows a representative office.

XX Shows a branch office or local subsidiary office.

Source: Information supplied by U.S. Embassy, Tokyo.

Today there are more than 8,600 corporations in Japan classified as trading companies, although the largest nine of these companies dominate the field (accounting for over 50% of Japan's total overseas trade). This discussion will concentrate on these largest trading companies, the sogo shosha, since they are the main Japanese actors in

Africa. The basic role that trading companies play is as trade intermediaries who also market and distribute the traded goods -- they are trading rather than manufacturing conglomerates. The trading firms maintain resident offices in the principal cities around the world. For example the sogo shosha have a number of offices in African capitals as shown in Table 3-7. These offices gather business information of all kinds. In this sense the trading companies have an advantage over individual manufacturers marketing their own products. The trading companies use their international intelligence network to search out sources of supply of raw materials, food, and specialized machinery needed in Japan and to isolate new outlets abroad for manufactured exports from Japan. Recently, their business has expanded to encompass third country trade, i.e., the promotion of trade between two foreign countries without Japanese involvement as a source of supply or as a market. In addition to marketing, the trading companies arrange for the transportation, insurance and warehousing of the products they trade.⁴

The trading firms have a business strategy based on a long-term perspective. They are accustomed and prepared to make substantial investments in research and investigation of prospects for new products and in some cases new industries that are emerging in other countries and at home. Further, they work to this end with MITI and other government agencies in a somewhat symbiotic relationship. The trading companies also serve several other important international functions. For example they serve as financial intermediaries by borrowing big and lending small. Using its borrowing power derived from the sheer scale of its operations, a trading company can obtain money from the major Japanese banks at relatively low interest rates and lend these funds to the small businesses with which it deals. The loans are generally tied to specific uses and often take the form of providing imported raw materials on credit and financing new construction or prepayments on export sales. In 1974 the six largest sogo shosha alone accounted for 34% of the total commercial credit extended by Japan's major corporations.⁵

Another important function of the trading companies in the financing area is their ability to absorb foreign exchange risks for their customers. Given their large size the sogo shosha are in a position to make commitments to buy products from a Japanese producer in yen even though the export sales contract is in dollars. They are able to do so on a large scale because they handle both export and import transactions and can thus internally offset exchange losses with gains. Absorbing exchange rate losses has been a particularly

valuable service in recent years as exchange rates have tended to fluctuate considerably under the present floating rate regime. The Trading Companies also serve an organizational function primarily within the domestic economy. They encourage production of new products for internal consumption and provide technical advice to help small and medium size firms produce new products for export.

In addition, the general trading companies have an important role in the direct foreign investment activities of Japanese companies and in investment by foreigners in Japan. Given their access to overseas information and their business connections in other countries, the trading companies are in a good position to find profitable investment possibilities for Japanese firms and arrange joint ventures with local participants. The smaller Japanese firms tend to rely on the trading companies to assist them in setting up investments abroad. The larger manufacturing firms on the other hand are generally able to make overseas investments on their own. As regards foreign investment in Japan, the trading companies are typically important to foreigners given their participation in Japanese distribution channels and their knowledge of Japanese firms. The trading companies often participate in joint ventures with foreign partners.

The advantages that the trading companies enjoy in arranging large-scale integrated resource projects are obvious: they are able to piece together a package of equipment, technology, and consulting services from numerous manufacturers -- not merely from Japan but from all available sources. Even in Africa, where the prospects for intra-African trade are somewhat daunting, the trading companies are playing a pioneering role: Mitsui, which manufactures bottles for Coca-Cola in Nigeria, purchases the caustic soda needed in the glass-making process from Kenya.

Japanese perceptions of the African investment environment

Despite their relative success in increasing their investments in Africa in recent years, Japanese businesses generally regard the investment climate there with the same feelings as their Western competitors. A survey of Japanese businesses operating in Africa⁶ found that the problem mentioned most frequently was that of political instability: in other regions this was only number six in the list of problems cited. Other problems frequently cited -- in order of perceived importance -- were the difficulty of raising capital, the quality of labor, economic instability, and the difficulties of collecting information. The companies surveyed noted that investment in

Africa involved more problems that could not be solved by their own efforts than investment in any other region of the world.

Although Japanese companies have enjoyed some success in penetrating francophone Africa, Japanese investors complained of the difficulties that they experienced not only as a result of language barriers but because of the continuing French presence in many of these countries. A number of the officials quoted in this study perceived a tendency on the part of some African countries to automatically give preference to EEC countries. Difficulties were also experienced in that many African countries had adopted European industrial standards. Japanese investors also noted the difficulty that they had in understanding African cultures and believed that they were disliked in some parts of Africa for being one-dimensional "economic animals." Although willing to participate in joint ventures, investors were generally wary of demands for increased African participation in shareholding, management, and intermediate inputs. One trading company official recounted how his company — involved in the production of galvanized roofing sheets — had been able to resist further Africanization since its parent was the sole source of the specialized steel needed for this production.

In general, officials of both the public and private sectors interviewed in Tokyo in January 1983 were pessimistic regarding future Japanese investments in Africa. They perceived little scope for expanding import-substituting manufacturing owing to the economic crisis afflicting most African countries. Furthermore, they had lost their enthusiasm for minerals investments in Africa. Many spoke of the mounting frustrations with political instability, and with the problems of transporting raw materials to the ports once they had been extracted. Zaire in particular was singled out for criticism, with a number of trading companies' representatives noting that they planned no further involvement in that country. While Japan continues to seek to diversify its sources of raw materials, the urgency and anxiety which existed immediately after OPEC's successful action in 1973 have disappeared. Japan's principal concern at the present time is to establish secure sources of supply, a dimension on which Africa is not perceived to score highly.⁷

Japan and South Africa

Japan's official policy is that there will be no direct investment by its corporations in South Africa. This, however, does not exclude production under license from Japanese corporations. Japan is

quite willing to provide the technology and industrial inputs which South Africa requires -- it, of course, not being dependent to any great extent on foreign capital. South Africa benefits from suppliers credits from Japan; Japanese export sales are often made on a deferred payment basis supported by EXIM loans to the Japanese exporter.

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- (1) A variety of problems are encountered in attempting to compare Japanese and U.S. foreign direct investments arising from the different definitions employed by the two governments. The official statistics of Japanese overseas investments are broken down into five categories: securities investments; direct overseas loans; the acquisition of real estate; the establishment of branch offices; and direct overseas investment (by firms as Japanese corporate bodies without their being incorporated locally). The inclusion of direct overseas loans is not the normal practice in measuring DFI since such loans do not provide ownership nor managerial control. The US Department of Commerce defines US private foreign investment as the net book value of equity and loans to foreign affiliates which control at least 10% of voting securities.
- (2) Terutomo Ozawa Multinationalism, Japanese Style (Princeton University Press, 1979).
- (3) Hugh Patrick and Henry Rosovsky, Asia's New Giant: How the Japanese Economy Works (Brookings Inst., Wash., D.C., 1976), p. 389.
- (4) "The Role of Trading Companies in International Commerce," (JETRO Marketing Series, Tokyo, Revised-1982).
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- (6) Chiyoua Masamichi, "Investment Activities in Africa by Japanese Companies," Economic Studies Institute Journal (University of Tokyo, Soka, Japan, 1977).
- (7) For a study of Japan's success in diversifying its sources of supplies see Dani Rodrik, "Managing Resource Dependency: The United States and Japan in the Markets for Copper, Iron Ore and Bauxite", World Development 10, 7 (July 1972) pp. 541-560.

CHAPTER 4

JAPANESE OVERSEAS DEVELOPMENT ASSISTANCE

Japanese overseas transfers in the post-war period initially took the form of technical assistance to its Asian neighbors as part of international technical cooperation schemes such as the U.N. Expanded Program of Technical Assistance and the Colombo Plan. Later, a number of reparations agreements were signed -- with Burma in 1955, the Philippines in the following year, and Indonesia in 1958, while grants in lieu of formal reparations were arranged with Laos and Cambodia in 1959. These served both to meet international commitments and to promote the exports of industries established as part of post-war reconstruction. The first yen loan, a contribution to the World Bank Consortium for India, was made in 1958 and was followed by other loans to Paraguay, South Vietnam, Pakistan, and Brazil, but the sums involved were small: the volume of net official flows actually fell in the years of 1958 to 1961.¹

In this early period no attempt was made to distinguish aid from other types of public and private overseas economic relations (e.g., export credits), all of which were grouped under the heading of "economic cooperation". A 1958 report from MITI stated that economic cooperation could refer to relations not only between developed and developing countries but also to those between Japan and other developed countries. There was no reference in this report to "aid" as such. To further add to the confusion, the various ministries concerned with overseas economic relations -- primarily the Ministry of Foreign Affairs, the Ministry of International Trade and Industry, the Ministry of Finance, and the Economic Planning Agency -- drew up their own priorities for economic cooperation with no agency being assigned the responsibility of coordinating the various policies.

There was a consensus, however, regarding the purposes that economic cooperation should serve. This was expressed clearly in a 1961 MITI report: Japan undertook economic cooperation not for poli-

tical objectives arising from the Cold War, nor as support for developmental objectives resulting from decolonisation, but in order to develop domestic industry. MITI repeatedly emphasized in the 1960s that economic cooperation was part of an overall trade policy whose intention was to benefit the Japanese economy. Emphasis by the Japanese government on the trade effects of aid (e.g., at UNCTAD I) brought considerable criticism from Third World representatives. This theme of promoting economic cooperation for domestic benefit has until recently remained important in the Japanese approach to aid. When the Japan International Cooperation Agency was established in 1973, Prime Minister Tanaka announced that its purpose was to develop resources for Japan's benefit: accordingly, its activities would not be restricted to developing countries but would include other potentially important sources of raw materials, e.g., Australia. In the past five years there has been a change in emphasis by the Japanese government: priority in recent official reports has been given to themes such as growing interdependence, basic human needs, and security interests of the Western alliance.

One reason for the historic emphasis on domestic interests has been the need to attempt to "sell" foreign aid to the Japanese public. Neither among the government nor the Japanese public is there any widespread support for foreign aid; there is no effective aid lobby such as that found in other OECD countries. A noted Japanese sociologist, Chie Nakane, attributes this to the Confucian ethic of the Japanese population, and to the absence of any sense of noblesse oblige.² This is one reason behind the small contribution to overseas development made by Japanese private voluntary agencies: in recent years they have contributed only slightly over 1% of the total grants by private agencies from OECD countries. It also helps to explain the low grant content of Japanese aid until 1980. The belief was widespread among officials that grant aid was neither economically nor psychologically sound since it placed recipients in the position of gaining something for nothing. Especially in the early years of its program an emphasis in the evaluation of aid requests was placed on countries which were perceived to be willing to help themselves. No capital grants were made until 1969: although in principle they were to be directed towards the least developed countries, they were also extended to middle-income developing countries which enjoyed "friendly relations" with Japan. Although in 1981 the grant element in Japanese aid rose to 75.3%, there is too little evidence to cite a new trend.

In the absence of a strong domestic constituency the funding of economic cooperation was more than usually vulnerable to sacrifice in

times of budgetary stringency. A number of observers have noted the important role of the budgetary process in Japan in making policy: since there was no single bureaucratic "home" to defend the economic cooperation budget, this tended to receive low priority when matched against considerations of balance of payments and foreign exchange reserves.

Recently, however, foreign aid has risen in priority. In 1962 aid was one of only four budgetary categories that were increased; in 1983 it increased more than any other budgetary category. The reasons are complex and include more than a purely humanitarian motive. There has been a gradual increase in the use of Japanese ODA as a tool of foreign policy. Japan wants to contribute to the security of the West and to world political stability. Since the Japanese Constitution forbids the use of military means for other than self-defense, foreign aid is one of the only remaining avenues of overseas influence.

According to Rix eleven ministries, three agencies, and the Prime Minister's Office have authority over various aspects of Japan's foreign aid program. Unlike the practice in most other OECD countries, there is no central aid agency and no single minister responsible for aid. Three ministries and one agency within the Japanese government share a major role in formulating economic cooperation policies: the Ministry of Finance, the Ministry of Foreign Affairs (MOFA), the Ministry of Trade and Industry, and the Economic Planning Agency. The latter administers the Overseas Economic Cooperation Fund, the leading organization in Japan's aid program, originally established as the Asian Development Fund within the EXIM bank but which was made a separate agency in 1960.³ Among this collection of actors that decide aid policies, MOFA plays the key co-ordinating role.

Lack of a strong central aid agency and a shortage of staff within the ministries has made it very difficult for the Japanese government to undertake country programming of aid: most aid decisions are made on a case-by-case basis. Officially, aid policy is passive: aid can be initiated only at the request of a potential recipient. This, not surprisingly, has made it difficult to achieve more than incremental change in the distribution of foreign aid. In many cases — particularly those involving large natural resource projects — the initiative in requesting aid is taken by private Japanese corporations which have an interest in promoting a particular project. Private firms often approach the government of the developing country and help it prepare and present a formal request in Tokyo. Aid officials noted that this was often the case in Africa where the small number of

government representatives in the field leads to a heavy reliance on the private sector. The whole procedure is complicated by a budgetary process which in principle requires that projects be completed in the same fiscal year as a grant is voted and an exchange of notes with the potential recipient takes place. Any carry-over of monies to the next fiscal year requires sanction by the Diet.

The Japanese Foreign Aid Record

Japan's aid effort has frequently been criticized by developing countries and aid professionals. Typical are the comments of John White who characterized Japanese aid as "inadequate, wrongly motivated and administered, too narrowly and selectively applied, and out of line with the aid programmes of other donors".⁴ Japan's ratio of ODA to GNP has consistently lagged well behind the average of the OECD's Development Assistance Committee (see Table 4-1). It is interesting to note in this context that Japan joined the predecessor of the DAC prior to becoming a member of the OECD itself -- but only after it had satisfied itself that the DAC would not be able to bind members to any specific aid commitments. Official Japanese publications have defended the record on a number of grounds: the absence of a colonial experience (which not only is perceived as relieving Japan of some of the responsibility for promoting development in the Third World, but also as handicapping the Japanese aid effort since the government lacked the familiarity that the former colonial powers enjoyed with the conditions and personalities in their ex-colonies); a lack of experience in aid-giving; and urgent domestic demands on scarce resources.

Japan's unmatched record of sustained economic growth in the post-war era, and its emergence as the second largest economy in the non-communist world undermined the credibility of this reasoning, particularly in the eyes of Third World leaders. Increasingly there has been a realization on the part of the Japanese government that its poor record on foreign aid was potentially harmful to its relations with the developing world, on which it was becoming ever more dependent for raw materials and for markets for its manufactured exports. OPEC's successful action in 1973-1974 was the shock which galvanized the government into a policy change. There were four principal dimensions to the shift in policy:

TABLE 4-1
The Net Flow of Financial Resources from Japan
to Developing Countries and Multilateral Agencies, 1960-1981
(\$ million)

Financial Flow	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Total Official & Private, Net	246.0	381.4	285.8	278.4	303.8	485.5	538.8	855.3	1,029.8	1,263.1	1,823.9	2,140.5
1. ODA, Net	145.0	221.4	167.8	140.4	115.7	243.7	285.3	390.6	356.2	435.6	458.0	510.7
A. Bilateral	115.0	210.0	160.6	128.2	106.2	226.3	234.7	345.9	308.3	339.7	371.5	432.0
i. Grants	67.0	67.8	74.6	76.7	68.7	82.2	104.7	138.4	117.0	123.4	121.2	125.4
ii. Loans	48.0	142.2	86.0	51.5	37.5	144.1	130.0	207.5	191.3	216.2	250.3	306.6
B. Multilat.	30.0	11.4	7.2	12.2	9.5	17.4	50.7	44.7	47.9	95.9	86.5	78.7
2. Other Official Flows, Net	N.A.	N.A.	82.9*	35.9*	94.9*	109.7*	182.7*	198.9*	322.1	375.8	693.6	651.1
3. Private, at Market Terms	101.0	160.0	118.0	138.0	188.1	241.8	253.5	464.7	351.5	541.7	669.4	975.6
Total/GNP (%)	0.57	0.71	0.49	0.40	0.36	0.55	0.62	0.67	0.73	0.76	0.93	0.92
DAC Average (%)	0.89	0.95	0.80	0.76	0.79	0.77	0.71	0.74	0.80	0.75	0.74	0.74
ODA/GNP (%)	0.24	0.20	0.15	0.20	0.15	0.28	0.28	0.32	0.25	0.26	0.23	0.23
DAC Average (%)	0.52	0.53	0.52	0.51	0.49	0.44	0.41	0.42	0.38	0.36	0.34	0.35
* "Other Official Flow" Category was first introduced in 1968; figures for 1962-1967 are estimated by DAC.												

TABLE 4-1 (cont'd)

Financial Flow	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Total Official & Private, Net	2,725.4	5,844.2	2,962.3	2,879.6	4,002.6	5,534.9	10,703.5	7,555.6	6,765.9	12,230.3
1. ODA, Net	611.1	1,011.0	1,126.2	1,147.7	1,104.9	1,424.4	2,215.4	2,637.5	3,303.7	3,169.8
A. Bilateral	477.8	765.2	880.4	850.4	753.0	899.3	1,531.0	1,921.2	1,960.8	2,260.4
i. Grants	170.6	220.1	198.6	201.7	184.9	236.7	383.4	560.2	652.6	810.4
ii. Loans	307.2	545.1	681.8	648.7	568.1	662.6	1,147.6	1,361.0	1,308.2	1,450.0
B. Multilat.	133.3	245.8	245.8	297.3	352.0	525.2	684.4	716.3	1,342.9	909.4
2. Other Official Flows, Net	856.4	1,178.9	788.9	1,369.4	1,333.4	1,622.6	2,152.6	210.1	1,478.0	3,022.6
3. Private, at Market Terms	1,252.3	3,647.5	1,038.5	352.4	1,548.1	2,487.9	6,335.5	4,689.0	1,957.8	6,010.6
Total/GNP (%)	0.95	1.44	0.65	0.59	0.72	0.80	1.09	0.75	0.65	1.08
DAC Average (%)	0.82	0.79	0.81	1.05	0.97	1.05	1.00	1.16	1.05	1.13
ODA/GNP (%)	0.21	0.25	0.25	0.23	0.20	0.21	0.23	0.26	0.32	0.28
DAC Average (%)	0.24	0.30	0.33	0.35	0.33	0.31	0.32	0.34	0.37	0.35

Sources: 1960-1962: OECD, Flow of Financial Resources to Less Developed Countries (Paris, 1964).
 1963-1981: DAC Review (1966-1982).

- (1) quantitative: a significant increase in flows. This was not realized until the late 1970s, however; the ODA/GNP ratio actually fell from 1974 to 1978 in part reflecting the problems experienced by the Japanese economy in the post-OPEC slump.
- (2) qualitative: an increase in the grant element in Japanese aid (in part necessitated by the new types of project undertaken as described below), and the untying of most aid. The latter was facilitated by the increasing competitiveness of Japanese industry; policy-makers were confident that a large percentage of the contracts generated by untied aid would be awarded to Japanese corporations. Whereas less than 1% of Japanese aid was untied in respect of all possible sources of supply in the mid-1970s, this figure had risen to over 65% by 1980. That year, for the first time, all other aid was untied with reference to LDC sources.
- (3) sectoral: a move towards large-scale, integrated projects designed to develop overseas sources of raw materials and food-stuffs for export to Japan. The government played an active role in piecing together large aid packages with the Japanese private sector and the governments of potential beneficiaries. Increased support was given for feasibility studies, and new arrangements for export insurance made for corporations participating in the projects. The scale of the projects and the urgency with which they were pursued by the Japanese government offered considerable scope for bargaining to the potential beneficiaries who were able to extract commitments for the development of regional infrastructure as part of the package. It was the financial requirements for the development of infrastructure which necessitated a larger percentage of aid being given in the form of grants.
- (4) geographical: a re-direction of aid towards countries which were regarded as potentially important sources of raw materials. As will be discussed in more detail below, this led to an increasing share of aid being directed towards Latin America, the Middle East, and Africa.

In May 1978, then Prime Minister Fukuda announced that his government would double overseas development assistance in the next three years -- implicitly acknowledging the current inadequacy of Japan's aid. This target was easily achieved: development assistance increased by 55% in 1978, by 19% in 1979, and by 16% in 1980. Although some of this increase was artificial (aid is reported in \$U.S.:

a rising exchange rate for the yen was reflected in larger dollar figures for the same volume of committed resources), the ratio of aid to GNP increased from 0.23% in 1978 to 0.32% in 1980. In 1979 Japan's ODA to GNP ratio exceeded that of the United States for the first time; Japan was now the fourth most important donor among OECD countries.

Although by the end of the 1980 fiscal year Japanese aid was more than double the total given in 1977, Japan's ODA to GNP ratio remained below the DAC average. In response to continued overseas criticism the Tokyo government announced in 1980 that in the next five year period it would double the total assistance it had given in the years 1976-1980. This commitment is less generous than it appears owing to the low level of aid in the early years of that period which drags down the average for this period. Even if the new policy is fully implemented, aid will grow at a much slower rate than in the past: an average of 8.7% each year compared to an annual increase of 32% over the 1977-80 period.

Early indications of the government's commitment to the new policy are not encouraging. In 1981 Japanese ODA fell both in absolute terms and as a percentage of GNP. Although government expenditure in 1981 increased by over 5.8%, development assistance fell by \$225 millions (6.7%). Only in the cases of Australia and the United States among OECD countries did overseas aid fall by more than this in 1981. The ratio of aid to GNP fell back to 0.28%; Japan slipped back down the OECD league table both in terms of its aid to GNP ratio, and the grant element in its assistance. Even if the government implements its promise to increase aid by 11% in 1982, the program for doubling expenditure by 1985 will remain behind schedule, partly because of the falling yen exchange rate during the past two years.

Despite recent efforts towards liberalization of the terms on which aid is given, Japan lags behind the OECD average on a number of dimensions: the average interest rate charged on loans, the average maturity of the loans, the grant element in ODA, and grants as a share of total ODA (see Table 4-2). Although loans from the Japanese government are granted for much shorter periods than those by the U.S., the terms on which Japanese aid is given are growing closer to those for U.S. aid, in part because the U.S. in recent years has moved away from the DAC average towards the less liberal policies of Japan. In recent years Japan has also moved rapidly towards an untying of its aid. In 1977, untied loans were only 7% of the total; a further 76% were untied in favor of developing country procurement. In 1978 a

commitment was made to the principle of untying all development loans. Whereas in the past Japanese aid was generally tied, by 1981 58% of all new loan commitments were fully untied and the remainder were untied in favor of procurement in developing countries.

TABLE 4-2
Evolution of Financial Terms of ODA Commitments

Financial Term	JAPAN			U.S.			DAC Average		
	1970	1975	1979	1970	1975	1979	1970	1975	1979
Length of Loans (years)	21.4	26.7	27.7	37.4	37.0	37.0	29.9	32.6	31.2
Average Rate of Interest (nominal %)	3.7	3.1	3.1	2.6	2.6	2.8	2.8	2.5	2.6
Grant Element as Share of Total ODA Com- mitments (%)	67	69	78	87	86	75	84	89	77

Sources: - OECD, Development Assistance Committee, Development Assistance Review (1971), pp. 62-3;
- Development Cooperation Review (1976), pp. 83, 158;
- Development Cooperation (1980), Table B-1.

Table 4-3 contrasts the tying status of Japanese aid with that of the U.S. and with the average DAC figure. By 1981 Japan's record on this dimension had not only surpassed that of the U.S., but was superior to the average performance of DAC member countries. It remains the case (as, to some extent, in the U.S.) that the role played by the private sector in the nomination of projects ensures that a large percentage of the contracts arising from Japanese aid will be won by domestic companies: an official of Mitsubishi interviewed in 1983 noted that his company had played a prominent role in arranging Japanese finance for new airports in Kenya and Malawi, and had subsequently benefited from construction contracts for the projects. However, foreign aid proposals suggested by the recipient countries are in-

creasingly considered, despite Japanese frustration with the time it takes LDCs to come up with viable proposals.

TABLE 4-3
Tying Status of Japanese and U.S.
Overseas Development Assistance, 1981
(Percent of Gross Disbursements)

Country	Bilateral ODA						Multi-lateral		Total (Average)		
	Grants			Loans			Un-tied	Tied	Un-tied	Part-tied	Tied
	Un-tied	Part-tied	Tied	Un-tied	Part-tied	Tied					
Japan	33.3	7.6	59.1	38.4	27.7	33.9	100.0	0.0	53.2	15.9	30.9
U.S.	28.3	17.0	54.7	14.4	13.2	72.4	90.7	9.3	38.8	12.1	49.1
DAC*	44.8	6.5	48.7	35.6	15.9	48.5	95.1	4.9	50.3	7.1	37.1

* This figure excludes EEC multilateral aid (EDF) which is tied to procurement in the EEC or ACP states (5.5% of DAC total).

Source: Calculated from data in OECD, Development Assistance Committee, Development Cooperation Review (1982), p. 191.

A telling set of comparisons -- in terms of Japanese self-interest in aid-giving -- are derived from an examination of the sectoral allocation of bilateral ODA commitments (see Table 4-4). A larger percentage of Japanese ODA is devoted to industry, mining, and construction than that of any other DAC country. Only West Germany approaches Japan's figure which was more than double the DAC average. Japan accounted for 35% of total aid from OECD countries given to this sector in 1981. Japan also gave the largest share among OECD donors to "the development of public utilities" (infrastructure) -- more than 45% of its aid going to this sector compared with a DAC average of 28%. A marked contrast is found in the Japanese contribution to health, education and welfare in developing countries. Although a larger proportion of Japanese aid has been devoted to "basic human needs" in recent years, the Japanese contribution to this sector remains the least generous of any DAC donor. In 1981 less than 12% of total Japanese aid was given to these sectors: the average for all DAC countries was over 28%, and the U.S. figure more than 34%. In 1981 the U.S. accounted for close to a third of all aid given by DAC countries for health projects.

TABLE 4-4
Sectoral Breakdown of
Bilateral Overseas Development Assistance Commitments
(Percent)

Sector	1975			1981		
	Japan	U.S.	DAC*	Japan	U.S.	DAC*
Planning and Public Administr.	0.5	1.5	1.7	0.5	0.9	1.9
Public Utility Development	54.5	8.9	20.8	45.0	13.5	28.2
Agriculture	9.0	32.5	14.4	16.8	28.7	17.0
Industry, Mining, Construction	23.3	8.5	10.5	19.0	2.7	8.7
Trade, Banking, Tourism, etc.	2.6	2.2	2.6	0.8	0.1	1.0
Education	2.1	7.3	18.7	3.5	10.5	16.1
Health	1.0	14.7	7.7	7.4	16.2	8.3
Social Infrastructure, Welfare	0.2	9.3	6.6	0.4	7.7	4.3
Multi-Sector	3.3	9.9	3.6	2.2	0.1	3.9
Unspecified	3.4	5.3	13.4	4.3	19.8	10.6

* Development Assistance Committee, Average

Sources: - OECD, Development Assistance Committee, Development Cooperation Review (1976), pp. 236-7;
- Ibid. (1982), pp. 230-231.

In contrast to its record on overseas development assistance, the total flow of resources from Japan to developing countries and multi-lateral agencies has been above the DAC average in most years since 1969. Two factors contribute to this. The first is the consistent Japanese commitment to support of multilateral agencies. Its multilateral assistance record has generally been better than the DAC average. Rix points to the importance that Japan accorded the United Nations as the basis of its postwar foreign policy. Multilateral aid, despite concern expressed by the Ministry of Foreign Affairs regarding the loss of identity and therefore credit to Japan, was popular as a means of divorcing aid from Cold War political considerations. Japan has contributed to over 30 U.N. - sponsored programs and to six multi-lateral financial institutions: the World Bank and its subsidiaries (the International Development Association, and the International Finance Corporation), and to three regional development banks -- the Asian Development Bank, the Inter-American Development Bank, and the African Development Fund.⁵

More important to the aggregate figures has been the prominent position of "Other Official Flows" -- a DAC category denoting flows which are designed primarily to promote the donor's exports or overseas investments. The single most important item in this classification is official export credits. A quite startling feature of Table 4-1 is that export credits provided by the Japanese government have exceeded the value of its aggregate overseas development assistance in all but two years since 1970. Japan has at times been the principal OECD supplier of official export credits. In 1981, for instance, Japan provided 62% of all export credits originating in DAC countries; in the same year it was the origin of 12.4% of all ODA from DAC countries, and 12.3% of all private flows. Table 4-5 contrasts the share of other official flows in total Japanese official transfers compared with equivalent figures for the United States, and for all DAC member countries.

TABLE 4-5
Ratio of Other Official Flows to Total Official Transfers
(Percent)

Trade Partner	1971-1973 Average	1978	1979	1980	1981
Japan	62.3	60.5	49.1	47.8	57.8
U.S.	20.9	27.1	34.5	28.8	31.9
D.A.C. Average	27.7	30.1	27.9	29.0	30.6

Source: OECD, Development Assistance Committee, Development Cooperation Review (1982), p. 219.

Japanese Aid to Africa

Early Japanese overseas development assistance was focused almost exclusively on Asia, the area with which it had the most familiarity, and which contained its principal Third World trading partners. The first loans to African countries were not made until 1966 -- several years after many had received their independence. Uganda was the first African country to receive a Japanese loan, followed in the same year by Kenya, Nigeria and Tanzania. As Table 4-6 shows, Africa as a whole was only receiving one percent of Japanese overseas aid by the end of the 1960s.

TABLE 4-6
Geographical Distribution of Japan's Bilateral ODA*

Year	Total Flows (\$ million)	Regional Distribution			
		Asia	Middle East & North Africa	Central & South America	Sub-Saharan Africa
1963	128	98.7	0.3	0.4	0.3
1965	226	98.1	0.2	0.6	0.6
1967	346	97.6	0.2	0.7	0.8
1969	340	100.0	0.8	-3.9	1.2
1971	432	98.4	0.9	-2.6	3.0
1973	765	88.1	0.3	4.6	2.4
1975	850	75.1	10.0	5.6	6.9
1977	899	59.3	24.5	8.8	6.3
1978	1,531	60.3	22.7	8.6	6.9
1979	1,921	69.3	10.6	8.6	9.7
1980	1,961	70.5	10.4	6.0	11.4 [#]
1981	2,260	71.0	8.4	7.8	9.3 [#]

*Grants or Loans at below market rates.

[#]Excludes bilateral ODA to Sudan.

Sources: - Data for 1963-1967 from A. Rix, Japan's Economic Aid, p. 34;
- Data for 1969-1981 from Economic Cooperation of Japan (1980, 1981, 1982, mimeo).
- OECD, Development Assistance Committee, Development Cooperation Review (1964-1982).

Rix provides a succinct summary of Japanese attitudes towards Africa in this period:

"Africa was regarded by aid officials in Japan as distant and difficult to deal with. They complained, rightly or wrongly, that Africans thought differently from Southeast Asians and that aid negotiations were correspondingly more protracted. They predicted that these difficulties would not soon diminish, despite growing aid flows to the region. Japanese knew little about Africa and about the conditions upon which aid requests were made, and loan officials cited this as one reason why decisions on aid to Africa might take

much longer than on similar requests from Asian countries. At a more materialistic level, they perceived that trading benefits to Japan from aid to Africa were insufficient to warrant a shift in priorities. Africa was regarded as something like the 'dark continent' into which Japanese aid disappeared with no acknowledgement of its origins...In short, prevailing attitudes towards countries in Africa as recipients only strengthened the bias in favor of Asia and the established decision-making and information-gathering procedures."⁶

TABLE 4-7
Geographical Distribution of Japan's Bilateral Economic Cooperation:
ODA, Other Official Flows* and Private Transfers

Year	Total Flows (\$ million)	Regional Distribution			
		Asia	Middle East & North Africa	Central & South America	Sub-Saharan Africa
1963	369	56.0	8.0	10.3	16.4
1965	705	53.4	1.9	13.4	22.4
1967	894	58.6	8.1	5.2	23.3
1969	1,128	73.8	9.5	6.7	4.9
1971	1,688	64.1	5.6	16.6	8.6
1973	5,032	39.1	2.7	46.1	7.6
1975	2,560	60.3	12.9	18.4	6.8
1977	4,536	28.0	13.8	25.2	22.9
1978	8,949	31.3	14.2	30.2	20.4
1979	6,330	43.3	2.9	27.4	18.7
1980	5,191	N.A.	N.A.	N.A.	9.4 [#]
1981	9,571	N.A.	N.A.	N.A.	8.5 [#]

*Includes export credits.

[#]Excludes Sudan.

Sources: Same as Table 4-6.

It is worth noting here that this lack of familiarity with the continent had not prevented Africa from becoming a major recipient in both private and public overseas flows from Japan (Table 4-7). A principal reason for this was Africa's share in official and private export credits from as seen in Table 4-8. At times in the mid-1960s,

Africa accounted for over one-third of these flows, primarily a reflection of export credits extended to Japanese shipping companies operating in Liberia. In the 1970s, a smaller proportion of these credits were directed to Africa, a reflection not only of the depression in world shipping following the oil embargo, but of Japan's interest in resource projects in Latin America, North Africa, and the Middle East. At the end of March 1980, however, sub-Saharan Africa still accounted for 21% of the cumulative post-war total of \$75 billions worth of Japanese deferred payment exports. Eighty-six percent of this was the result of shipping exports; of the remaining items only industrial machinery (10.5%) made a significant contribution to the aggregate figure.⁷

TABLE 4-8
Geographical Distribution of Japan's Bilateral Economic Cooperation:
Other Official Flows* and Private Transfers Only

Year	Total Flows (\$ million)	Regional Distribution			
		Asia	Middle East & North Africa	Central & South America	Sub-Saharan Africa
1963	241	33.5	14.1	13.5	29.1
1965	479	32.3	3.2	17.0	37.6
1967	548	33.8	14.8	9.7	42.7
1969	788	62.5	13.1	11.2	6.4
1971	1,256	52.3	7.3	23.2	10.5
1973	4,267	30.4	3.2	53.4	8.5
1975	1,710	53.0	14.0	24.8	6.7
1977	3,637	17.8	14.6	30.0	25.0
1978	7,418	25.3	25.8	34.7	9.8
1979	4,409	32.0	13.6	35.6	8.6
1980	3,230	N.A.	N.A.	N.A.	8.2 [#]
1981	7,311	N.A.	N.A.	N.A.	8.3 [#]

*Includes export credits.

[#]Excludes Sudan.

Source: Same As Table 4-6.

The first OPEC shock to the world economy moved Japan to increase its foreign aid to Africa. The oil shock reinforced Japanese perceptions of vulnerabilities to curtailments of raw materials supplies,

and led to a frantic scramble to diversify sources. It was this which led to a new awareness of and interest in the African continent, which was reflected in 1974 when Toshio Kimura became the first Japanese Foreign Minister to visit Africa while in office. Africa, with its preponderance of least-developed countries, has also been favored in recent years in Japanese aid-giving as Tokyo has sought to answer criticism from the Third World that insufficient attention was being given in its aid program to those countries most in need. Consequently, Japanese aid to Africa has increased substantially over the last decade, both as regards Africa's share in Japanese ODA (which rose to over 10%), and in absolute terms, with aid amounting to \$210 million in 1981).

Despite recent diversification, Japanese aid is heavily concentrated on a limited number of favored recipients. Aid receipts are highly correlated with the importance of the country in Japan's trade with the continent, and with the recipient's potential for supplying raw materials to Japan. There is therefore, a close relationship between private and public flows from Japan to Africa (see Table 4-9). Although virtually all African countries have received some Japanese aid, eight -- Kenya, Madagascar, Niger, Nigeria, Sudan, Tanzania, Zaire, and Zambia -- shared more than 70% of all Japanese aid to sub-Saharan Africa given in the period 1960-81. Zaire, Zambia, and Niger are major suppliers of critical raw materials to the Japanese economy (primarily copper and uranium). In Madagascar, Japan has significant investments in the mining of chromium ore, and in the fishing industry. Similarly, Sudan is a potential source of chromium -- Mitsubishi and the Japan Metals and Chemicals Company have invested \$50-60 million in exploration and mining activities in the Ingessana Hills. Some of the Japanese aid has been designed to facilitate the exploitation of mineral deposits, e.g., the Japanese-financed railroad from Lumumbashi to Matadi.

Two recipients which are not major sources of raw materials for the Japanese economy are Kenya and Tanzania. According to Japanese aid officials interviewed in Tokyo in January 1983, Japan places emphasis on these countries in its aid giving because of their geopolitical importance, and their prominent roles as representatives of African opinion. Both countries are favored because of their relative proximity to Japan, and because Japanese officials find it easier to deal with English-speaking Africa. Kenya is regarded favorably because of the relative openness of its economy towards the West; officials also commented that Nairobi was a pleasant and convenient place to be based. Meanwhile, Tanzania is important as a voice of African

opinion in the world community, and it is one of Africa's poorest countries. Moreover the Japanese are concerned with the Soviet presence in the Indian ocean. Officials in Tokyo perceive a division of labor in which the U.S. concentrates its efforts on Kenya and Somalia, while Japan focuses on Tanzania (aid officials suggested that strategic considerations would be increasingly important in the distribution of Japanese aid in the 1980s). Both Kenya and Tanzania are also important trading partners for Japan on the African continent, and in both cases Japan enjoys a favorable balance of trade of significant proportions.

TABLE 4-9
Japanese Private and Official Transfers to
African Countries, Cumulative by Country, 1960-1981
(\$ million)

Country	Official Transfers	Private Transfers	Total
Angola	0.05	1.84	1.89
Benin	2.27	0.0	2.27
Botswana	1.83	0.00	1.83
Burundi	4.96	0.0	4.96
Cameroon	0.56	-0.06	0.50
Cape Verde	2.89	0.0	2.89
Central African Rep.	3.44	0.0	3.44
Chad	0.02	0.0	0.02
Comoros	1.99	-0.36	1.63
Congo	0.82	1.27	2.09
Djibouti	0.02	0.0	0.02
Equatorial Guinea	N.A.	N.A.	N.A.
Ethiopia	24.20	6.15	30.35
Gabon	10.96	82.30	93.26
Gambia	1.01	0.19	1.20
Ghana	30.04	19.89	49.93
Guinea	11.55	21.32	32.87
Guinea Bissau	1.42	-1.33	0.09
Ivory Coast	4.21	67.38	71.59
Kenya	132.64	37.20	169.84
Lesotho	0.69	0.0	0.69
Liberia	25.97	2592.77	2618.74
Madagascar	65.94	8.94	74.88

TABLE 4-9 (cont'd)

Country	Official Transfers	Private Transfers	Total
Malawi	34.11	11.90	46.01
Mali	17.42	0.0	17.42
Mauritania	7.14	3.72	10.86
Mozambique	7.69	20.02	27.71
Niger	46.50	95.09	141.59
Nigeria	76.26	84.34	160.60
Rwanda	20.71	0.58	21.29
Sao Tome & Principe	0.11	0.0	0.11
Senegal	21.15	11.70	32.85
Seychelles	0.13	0.06	0.19
Sierra Leone	21.32	-1.66	19.66
Somalia	2.83	0.00	2.83
Sudan	66.37	N.A.	N.A.
Swaziland	2.19	2.20	4.39
Tanzania	130.81	47.21	178.02
Togo	3.01	0.00	3.01
Uganda	8.27	0.76	9.03
Upper Volta	2.88	1.15	4.03
Zaire	126.32	275.60	401.92
Zambia	101.49	150.57	252.06
Zimbabwe	3.44	0.56	4.00
Others	5.50	11.79	17.29
Total	1041.70	3,550.62	4,592.32

Source: OECD, Development Assistance Committee,
Development Cooperation Review (1970,
 1976, 1982).

Francophone Africa has been underrepresented in Japan's aid to the continent, a result both of language difficulties and Japanese perceptions of a relatively closed Francophone community. Language has not been a barrier, however, in those countries where Japan has mineral interests, e.g., Niger and Zaire. Still, aid officials noted in interviews, the difficulties of actually implementing projects in Zaire: it was suggested that Japan will not likely undertake any major projects there once current commitments are completed.

Despite recent increases, Japanese aid plays a relatively minor role in total African receipts of ODA from DAC countries. Europe continues to be the principal source of aid for sub-Saharan Africa. In 1979, the Japanese share in total receipts was merely six and a half percent. Only in seven cases -- Guinea, Kenya, Madagascar, Niger, Nigeria, Sudan, and Zambia -- did the Japanese contribution amount to more than 10% of total aid receipts from OECD states (see Table 4-10).

TABLE 4-10
Comparison of U.S. and Japanese Shares in OECD ODA to Africa, 1979
(Percent)

Country	U.S.	Japan	Country	U.S.	Japan
Angola	6.8	0.0	Mali	14.9	0.0
Benin	6.2	0.0	Mauritania	16.9	0.6
Botswana	8.2	0.3	Mozambique	16.5	3.2
Burundi	4.5	0.0	Niger	9.4	14.1
Cameroon	6.0	0.1	Nigeria	0.0	14.1
Central African Rep.	2.0	4.1	Rwanda	5.6	5.9
Chad	22.2	0.0	Senegal	18.1	2.3
Congo	0.0	0.0	Sierra Leone	21.3	0.7
Gabon	0.0	0.4	Somalia	40.2	0.4
Gambia	15.2	3.2	Sudan	14.9	14.4
Ghana	24.8	6.3	Swaziland	6.3	0.9
Guinea	35.2	20.4	Tanzania	2.2	5.2
Ivory Coast	1.4	0.1	Togo	7.3	0.3
Kenya	5.6	12.3	Uganda	0.0	1.9
Lesotho	20.6	1.7	Upper Volta	17.4	0.1
Liberia	32.9	5.6	Zaire	15.2	9.5
Madagascar	4.1	27.9	Zambia	20.3	11.1
Malawi	3.3	7.5	Zimbabwe	0.0	0.0

Source: OECD, Development Assistance Committee, Geographic Distribution of ODA Flows (1980).

In comparison, the U.S. Share in total African receipts was 14%. It is noteworthy, however, that Japanese aid exceeded that from the U.S. in ten African countries. It seems unlikely that Japan will play a more important role in the future. In recent years, the geographical distribution of aid has stabilized with 60% directed towards Asia, and 10% each towards the other major recipients: Latin America, the

Middle East, and Africa. According to the Director-General of the Economic Cooperation Bureau in Japan's Foreign Ministry, the "pattern of ODA allocation is thought to be an appropriate one and is expected to prevail in future ODA allocations".⁸

Japan continues to find it difficult to implement its aid policies in Africa: officials interviewed noted Japan's lack of familiarity with African culture which contrasted with the relative ease of dealing with Asian countries. They also expressed concern at the lack of viable projects in many African countries. The disbursement ratio in Africa was low, owing to the difficulties of actually implementing projects. There was also a perception among some officials that the effectiveness of Japanese aid in Africa was low, in part because it was spread too thinly over a large number of countries (Japan has aid missions in only fourteen countries, which are responsible for the entire continent). Accordingly, it was asserted, despite continued pressure for further diversification of Japanese aid, it is likely that in the 1980s Japan will maintain its concentration on countries identified as important to its interests, namely, Kenya, Niger, Nigeria, Zaire, Zambia, and Zimbabwe. The aid focus is likely to concentrate on basic human needs and rural and agricultural development and be guided by foreign policy and security considerations.

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- (4) John White, Japanese Aid (London: Overseas Development Institute 1964), p. 67, quoted in Ibid., p. 422.
- (5) See Rix, Japan's Economic Aid, pp. 125-132 for details.
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- (7) JETRO, Economic Cooperation of Japan 1980, p. 19.
- (8) Japan Times (September 29, 1981).

CHAPTER 5

RELATIONS BETWEEN GOVERNMENT AND PRIVATE SECTOR IN JAPAN¹

Our analysis of the recent developments in commercial relations between Japan and the African continent has revealed that the Japanese have made inroads in the realm of African trade and that their share of international investment in Africa has increased. By the same token, Japanese foreign aid activities in Africa have picked up markedly over the past decade. In contrast, U.S. economic activity in the region is relatively stagnant other than for the sizable quantities of petroleum imported from Nigeria. Since American export composition and overseas investment potential are roughly equivalent to Japanese efforts in these areas it is somewhat disconcerting that U.S. business has not met with more success.

These divergent patterns merit further attention and explanation. The Japanese incursion into African markets is all the more impressive in light of present day political and economic obstacles to expanding commercial activities in the region. While it is impossible to totally explain the difference in economic behavior of the two countries, it is worth exploring some ideas. Japanese foreign aid programs appear to operate in the private sector's interest, at least more so than under the American system. For example, the expansive export credit program directly feeds foreign demand for Japanese goods.

In the area of foreign investment, Japanese firms operating overseas are said to be at some advantage vis-à-vis their American counterparts due to the lower interest rate structure in Japan which reduces their interest burden in international transactions.

It is often claimed that the yen is under-valued, a charge that, if accurate, would spell both good and bad news for the Japanese economy. It would counteract Japanese investment advantage at the same time as it would stimulate exports.

TABLE 5-1
Comparison of American and Japanese Government
Support Programs for Overseas Economic Activities

<u>Program</u>	<u>Institutions</u>	
	U.S.	Japan
<u>Export Financing</u>	U.S. EXIM	Japanese EXIM Export Credits
<u>Export Earnings Insurance</u>	--	MITI Export Earnings Insurance
<u>Overseas Investment Insurance</u>	U.S. OPIC	MITI Overseas Investment Insurance
<u>Overseas Investment Financing</u> (loan funds, preferential loan terms, foreign currency loans)	--	Japanese EXIM Bank loans Metal Mining Agency Petroleum Development Corporation Overseas Uranium Resources Development Company Japanese Overseas Trade Development Corporation Shoko Chukin Bank Overseas Economic Cooperation Fund
<u>Information Dissemination</u>	U.S. Emb. Foreign Commercial Service	JETRO Japanese Embassy MITI
<u>Tax Incentives for Overseas Investment & Trade</u>	D.I.S.C.	Write-offs for overseas investment losses Tax reductions for overseas direct investment Importation of natural resources

One well known issue that characterizes the Japanese government-business climate is co-ordination of policy and purpose. In addition to the general co-ordination of aid and investment programs between

the government agencies, there is co-operation between the public and private sectors in overseas economic activities. The role that the Japanese government plays in promoting and encouraging international business activities merits further attention. In this section we will discuss some of the programs operated by the Japanese government to facilitate the activities of business overseas. Where they exist, comparable U.S. programs will be mentioned. Table 5-1 offers a summary comparison of many of the American and Japanese government programs in support of private sector activities overseas.

JAPANESE GOVERNMENT PROGRAMS TO FACILITATE INTERNATIONAL TRADING

The Japanese government plays a positive and active role in promoting Japanese foreign trade by a system of incentives offered to firms to import and export and via a number of programs designed to foster trade in general. In addition, the government takes an active role in reducing the risks associated with exporting. Some of the programs operating in this field are enumerated below.

Export Insurance Scheme

MITI operates a rather extensive Export Insurance Scheme from which exporters can buy a policy that ensures payment of their earnings from export sales.

"The Government of Japan underwrites export insurance policies to cover risks incurred in export transactions or other overseas transactions conducted by exporters or manufacturers engaged in foreign trade or production of goods for export, which are not insurable through existing private insurance institutions. Export insurance thus aims at protecting those concerns engaged in foreign trade activities enabling them to undertake their activities without fear of bearing loss themselves."²

The export insurance schemes are designed to cover all possible interruptions to the normal flow of trade that may arise. According to MITI, these difficulties may emanate from accidents, political confusion, civil war, revolution and other unforeseen circumstances.

Different classes of insurance may be purchased each designed for different types of contingencies, including: general export insurance

for political and commercial risk; export proceeds insurance to cover medium and long term export earnings contracts; exchange risk guarantees covering losses due to a drop in the rate of foreign currency in which the export contract is drawn up; export bill insurance to cover loss due to non-payment incurred to authorized foreign exchange banks which have negotiated documentary bills of various kinds; export finance insurance under which an underwriter covers the loss incurred to the bankers who failed to collect their loan on an export advance bill. In addition, export insurance is also available to cover export bonds, consignment sales and overseas advertising.³

The Japanese Export-Import Bank

The Japanese Export-Import Bank (EXIM Bank) operates several programs designed to facilitate Japanese economic interchange with foreign countries. The activities of the Japanese EXIM Bank are similar to those of their American counterpart, however the scope of Japanese operations is much more extensive. The lending activities of the Japanese EXIM Bank fall into two main categories -- those for domestic corporations and those for foreign entities.

Loans to Domestic Corporations: (i) Export suppliers' Credits provide funds to Japanese corporations for their exports of plant, equipment and related machinery, as well as ships and aircraft (Africa has been granted about 25% of the cumulative total of export credits extended by the Japanese EXIM Bank); (ii) Technical Service Credits are extended to Japanese corporations for their export of technical services; (iii) Import Credits provide funds to Japanese corporations for the import of resources and other items which are deemed essential to the Japanese economy.

Loans to Foreign Entities (Overseas Direct Loans): Buyer's Credits are extended to foreign importers and foreign financial institutions for the import of equipment and technical services from Japan.

Tax Incentives

Japanese firms which invest abroad, begin production and send natural resources back to Japan are given special tax breaks. In the U.S., firms which stress export sales are given tax advantages through the establishment of Domestic International Sales Corporations (D.I.S.C.).

JAPANESE GOVERNMENT PROGRAMS TO ASSIST FIRMS IN OVERSEAS INVESTMENT

A number of programs operated by different agencies within the Japanese governmental structure offer incentives to firms who undertake overseas direct investment. The incentives include programs which reduce risk, provide low interest loans, provide loan monies, provide government participation in ventures, grant foreign currency loans, and reduce tax burdens. Many of these programs operate in the material resource, mineral and fuels areas but a number of them are programs that apply to overseas investment in general.

Overseas Investment Insurance

MITI offers overseas investment insurance for companies undertaking investments abroad so as to promote protection of the overseas investment from Japan. The purpose of this investment insurance is to partially cover losses suffered by overseas investors due to emergency risks such as: the impossibility of continuation of the investment enterprises because of wars, revolutions or civil wars; expropriation in the investment-accepting country; impossibility of remittance to Japan of the profits because of possible foreign exchange control in the investment-accepting country.

The Japanese overseas private investment program operates in a manner similar to the U.S. OPIC insurance. However, under the Japanese scheme the rates are slightly more favorable and the terms slightly easier. Another important difference is that the Japan issues investment insurance on a project basis, whereas U.S. OPIC works by agreements negotiated with the country. Hence, if the foreign government has not agreed to OPIC terms, then an American investor can not purchase insurance.

Under the Japanese investment insurance scheme investments eligible for Insurance Coverage are: stocks and related items; loans made to a foreign entity over which a Japanese party has virtual control of management; loans made to a foreign partner of a joint venture to accommodate funds for capital investment; investments made by a Japanese corporation which is directly engaged in business abroad for the acquisition of real estate or other rights; loans made to finance the development of mineral resources for importation to Japan under a long-term agreement.

The risks covered under this investment insurance scheme include: expropriation of property by a foreign government; critical accidents resulting from acts of war or insurrection; accidents which result in the inability of continuing business activities or prevent the Japanese firm from repatriating the invested principal or the profits for reasons of foreign exchange restrictions or other political emergencies.

Overseas Investment Funds and Subsidized Interest Rate Programs

Several different Japanese government agencies make loan monies available for use by private firms wishing to invest abroad.

Export-Import Bank of Japan Loan Programs. The Japanese EXIM Bank provides funds to the Japanese private sector in the form of overseas investment credits and overseas project loans. These loans are extended to Japanese corporations for their overseas investment activities or for their projects overseas. For example, loans are available for Japanese firms wishing to establish local corporations in overseas markets, for joint venture agreements, and for financing of overseas plant and equipment investment or long-term operating funds.

In addition, the EXIM Bank of Japan also has monies available for loans for financing the development and import of natural resources. Five- to seven-year loans for up to 70% of proposed capital spending per project constitute the majority.

Finally, Japan's EXIM Bank also offers untied direct loans to foreign governments and foreign financial institutions to provide long-term funds for natural resource development, especially in the energy field. This type of loan is also made available to international development banks. Technically these loans are untied, however in practice much of these monies flow back to Japanese firms as described in Chapter 4, since they are often included as part of a public-private project for resource exploitation. Africa has received 9.2% of the cumulative total of overseas direct loans extended by the Japanese EXIM Bank.

The loan programs of the Japanese EXIM Bank are offered at quasi-market rates in accordance with OECD guidelines regarding the current co-ordination of rates between OECD donor countries.

MITI Programs. MITI also oversees several subagencies dealing with development of raw material supplies such as: precious metals through the Metal Mining Agency; uranium through the Overseas Uranium Resources Development Company, Ltd., and petroleum through the Japan Petroleum Development Corporation. Each of these agencies has funds which it makes available to corporate activities in the exploration and development of natural resource supplies. These resource-oriented agencies often work in conjunction with the EXIM Bank on projects of interest to both.

Japan Overseas Trade Development Corporation (JOTDC). In order to assist small and medium size firms in overseas investment activities the Japan Overseas Trade Development Corporation was established in 1972. It covers loan requirements for economic cooperation to developing regions and loans to facilitate entry of Japanese small and medium sized enterprises into overseas markets. Specifically, the corporation offers loans to cover the financial requirements of Japanese small and medium sized enterprises taking part in joint venture projects initiated at the request of a government in a developing region.

The loan terms are quite generous. No interest is charged although a sum equivalent to 0.75% of the loan is charged annually as an expense fee. The loan period is generally 20 years or less (of which 7 years or less will be deferrable). Loan ceilings are up to two-thirds of the capital requirement (three-fourths in some special cases) for joint projects.

Foreign Currency Loan Programs. An additional unique feature of the Japanese system is the Foreign Currency Loan Program. Investment funds, in foreign currencies, are provided by the government to firms wishing to make overseas investments. These foreign currency loan funds include U.S. dollars, and are provided through authorized foreign exchange banks and for public corporations: the Japan Petroleum Development Corporation, the Metal Mining Agency of Japan, the Overseas Economic Cooperation Fund, and the Export-Import Bank of Japan. Each of these institutions can lend individually or in conjunction with other authorized agencies. When foreign currency loans are made, the funds are obtained by selling Yen on the Tokyo foreign exchange market. Under this system the foreign exchange risks often experienced by foreign investors are shifted to the government institution.

Taxation System. The Japanese taxation system is structured to offer incentives to foreign investors in the form of tax breaks for investment abroad and for losses that may be incurred as a result of overseas investment. Three main programs apply: (i) conditional tax write-offs; (ii) reserves against overseas investment losses; (ii) deductions for taxes paid abroad.

If a Japanese firm experiences a capital loss on investments in the minerals and natural resource area, 50% of the loss can be written off against the current year's tax liability.

There is also a system of reserves against overseas investment losses. Under this system, domestic corporations making overseas investments are authorized to set aside a certain percentage of the invested amount as a reserve fund which is not subject to taxation. In principle, reserves will be retained for the first five years, then may be dissolved in equal annual installments over a five year period and counted as profits.

The reserve program can be used in overseas business activities in agriculture, forestry, fishery, marine culture, mining, construction and manufacturing industries. Twelve percent of the investments and loans may be set aside as reserves in the above business operations conducted in developing regions. Economic cooperation investments and loans are also included in this scheme and 25% of the investments and loans may be set aside as reserves.

The reserve system also applies to natural resource development projects including petroleum and inflammable natural gas. In the case of minerals, coal, fluorite, marine plants and animals, lumber, feed grains, and oil-bearing fruit (soybeans, rapeseed, palm, and copra), 100% of the investments made during the prospecting stage and 40% of those made during the development stage can be set aside as reserves regardless of the region.

In certain cases, foreign tax payments may be deducted from a firm's Japanese tax liability. Should a Japanese corporation be levied with a corporation tax on its income generated in a foreign country, in specific cases a certain amount of Japanese corporate taxes will be deductible to avoid double taxation. The foreign tax credit deduction system is applied to the dividends received from local corporations in which Japanese corporations have an equity interest of 25% or more.

Shoko Chukin Bank for Commerce and Industrial Cooperatives. This bank offers loans to help small and medium enterprises in financing direct investments in overseas markets. In addition, the Shoko Chukin Bank, jointly with government agencies, accommodates other types of loans when necessary. These loans are normally repayable in five to seven years and are designated for cooperative members.

GENERAL INFORMATION AND PROMOTIONAL ROLE OF JETRO AND MITI

The Japanese use JETRO and MITI as the major means of collection and dissemination of information on international trading and investment opportunities. This information is available both for Japanese businesses and for foreign enterprises wishing to purchase Japanese goods. On the American side, the U.S. Embassy provides information on commercial exchanges with assistance from the recently formed U.S. Foreign Commercial Service. The Foreign Commercial Service has representatives in Cameroon, Ghana, Ivory Coast, Kenya, Liberia, Nigeria, and Zaire.

Japanese External Trade Organization (JETRO)

JETRO assists Japanese firms in overseas activities by collecting and disseminating information in foreign trade and investment conditions. JETRO has an overseas staff which collects data; it also maintains overseas offices to promote Japanese commercial interests. In Africa, JETRO has offices in 9 countries -- Cameroon, Ghana, Ethiopia, Ivory Coast, Kenya, Nigeria, Tanzania, South Africa and Zaire.

Ministry of International Trade and Industry (MITI)

MITI works closely with industry by providing information on trade possibilities and by helping to isolate new commercial opportunities for Japanese firms operating or wishing to operate overseas. MITI also conducts annual questionnaire surveys of Japanese enterprises engaged in overseas investment and the recipient local corporations. The results of these questionnaires are published annually.

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CHAPTER 6

CONCLUSIONS

Our detailed analysis of Japanese economic relations with Africa has confirmed our initial impression that, in recent years, while the United States has become a relatively less important economic actor, Japan has considerably strengthened and diversified its economic ties.

Japan's recent success in penetrating African markets is shown by our market share analysis. Japan has matched the EEC in its performance in retaining its share of African markets despite the fact that oil-importing African countries were, by the end of the period under consideration, of necessity spending a larger proportion of their foreign exchange on importing oil than was the case in the early years of the decade. Only the markets of the two principal copper exporters -- Zaire and Zambia -- whose purchasing power had been significantly eroded with the precipitous decline in copper prices did Japan experience a decline in its market shares during the period under consideration. In the case of Africa's oil exporters, Japan was successful in increasing its market share. This was also true of the relatively prosperous Ivory Coast, a significant incursion by Japan into Francophone Africa.

In stark contrast, the United States failed to increase its share of the market in any one of the groupings utilized in this study. In Black Africa (excluding Nigeria) it recorded a statistically significant decline in market shares. Perhaps more serious was the similar statistically significant drop of the U.S. share in the expanding Nigerian market, especially since the U.S. is Nigeria's single most important oil customer. The over \$ 10 billion that the U.S. pays annually for Nigerian oil are the major component in the unfavorable balance of trade with the region. Whereas the U.S. was experiencing record balance of trade deficits with the region by the end of the 1970s, Japan was recording trade surpluses -- in large part as a result of its increased sales to Nigeria.

U.S. trade deficits with the African continent over the past decade translate into surpluses and foreign exchange from the African point of view. The dollars they earn from the U.S. have allowed the African nations to run continuous trade deficits with their other major trading partners -- the EEC, OPEC, and Japan.

Despite the importance of Nigerian oil and its large local market, South Africa remains dominant in Japanese-African trade and has continuously accounted for nearly half of all Japanese exchange with the region. South Africa is also important for the U.S., purchasing about half of all U.S. goods sold in Africa.

The lack of symmetry between the Japanese and U.S. economies is reflected in the pursuit of different national foreign economic policies. Geographical factors, combined with the local availability of raw materials, may make it advantageous for Japan to import oil from the Middle East and Southeast Asia rather than from West Africa. Accordingly, the fact that the U.S. is running a large balance of trade deficit with Africa -- largely the result of imports of oil from Nigeria and Angola -- while Japan enjoys a trade surplus may or may not be perceived as a significant problem by U.S. decision-makers. There are areas of economic activity in Africa where Japanese and U.S. interests are in direct competition, particularly in the search for new markets for exports of manufactured goods. In order to understand this competition further, we undertook a detailed analysis of the changing composition of Japanese and U.S. exports to the continent over the last decade.

For Japan, the most prominent change in the composition of its exports to Africa over the last decade has been the growth in relative importance of machinery and transport equipment. Exports in this category has grown more rapidly than those of manufactured goods. Two factors might be important in this context: First, the growing market in Black Africa for capital goods as countries actively pursue policies of import substitution. The second factor is the effort by the Japanese to upgrade their exports towards goods which incorporate a higher value added. This is in accord with the structural changes, noted in Chapter 3, which have occurred in the Japanese economy over the last 15 years. For instance, whereas in the early 1970s textiles had a prominent role in Japanese exports, in the second half of the decade exports of textile machinery had assumed some importance.

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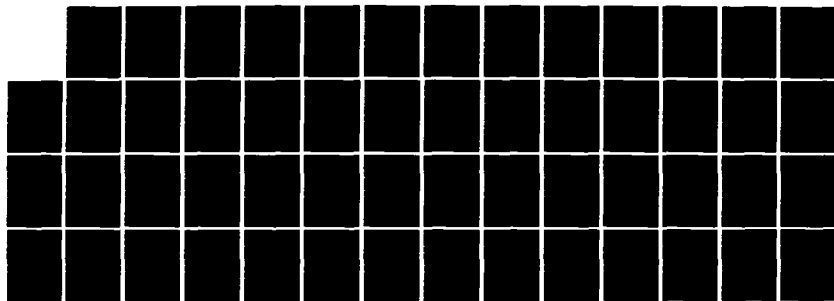
THE EMERGING JAPANESE INFLUENCE IN AFRICA AND ITS
IMPLICATIONS FOR THE UNITED STATES(U) DEPARTMENT OF
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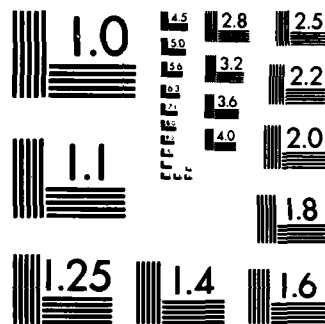
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For the U.S., the most significant change in export composition was the increasing share of food, beverages, and tobacco. Although this might be perceived, quite correctly, as a area in which the U.S. enjoys a comparative advantage over Japan, any enthusiasm regarding increased U.S. exports in these categories must be tempered by the knowledge that a significant proportion of these exports was financed by U.S. foreign aid. In 1980, for example, total aid to Africa and the Food For Peace Program amounted to 30% of the value of U.S. food exports for the region; one-half of this aid was in grant form. Meanwhile, U.S. exports of machinery and transport equipment grew only slowly from 1975 to 1980; by the latter years Japan had overtaken the U.S. in total sales in this category to the region.

Within the category of machinery and transport equipment there are two subcategories of concern to us, consumer electronics and capital goods. Considering that the U.S. has already relinquished a significant part of its domestic market in radios, T.V.'s, tape recorders, and, indeed, automobiles, to Japanese products, it is hardly surprising that Japan would outperform the U.S. in sales of these goods to Africa.

Consumer items, however, have not been the principal growth area in Japanese exports. Rather, the most rapid growth has occurred in what we refer to as capital equipment. Here the story for the U.S. is a mixed one.¹ Although the dollar value of U.S. exports of capital equipment to Africa exceeds that of Japan, Japan has overtaken the U.S. in exports of metal-working equipment and telecommunications machinery, and is rapidly catching up with the U.S. in sales of internal combustion equipment and heavy electrical machinery. Areas where the U.S. continues to hold a substantial advantage are office machines, and heating, cooling and cargo handling machinery. One other important factor became clear as our analysis proceeded: Japan is doing particularly well in sales of machinery and transportation equipment in Black Africa, whereas the U.S. has been expanding its sales of these items mainly in South Africa. This suggests that the U.S. is in danger of missing out on the expanding markets for capital goods in Black Africa.

Aid and investment in Africa have been similarly expanded by the Japanese in recent years. At the end of the 1960s, Japan's aid efforts were concentrated almost exclusively on Asia. In the following decade, Africa's share of total aid increased from negligible proportions to approximately 10% -- roughly half of its share in total U.S. aid.² A number of factors explain this: Japan's interest in promot-

ing resource projects in order to diversify its sources of raw materials; development of future markets; Tokyo's desire to respond to Third-World criticism that its aid was excessively concentrated in geographical terms and that insufficient efforts were being made to assist the least developing countries; increased concern for basic human needs; and, finally, growing Japanese concern regarding geopolitical factors, particularly growing Soviet activity in the Indian Ocean area. Despite recent pledges to promote basic human need, Japanese aid remains heavily concentrated on the provision of infrastructure, and on the promotion of mining and construction activities. Accordingly, most aid to Africa is given to countries where Japan has an interest in resource projects. Here we might note that the business lobby in Japan favoring overseas aid is not complemented by a humanitarian lobby as is the case in the U.S. and most other OECD countries. Although most aid has now been in kind, the involvement of the Japanese private sector in identifying and proposing projects to the government virtually insures that a large proportion of aid contracts will be rewarded to Japanese industries. Japan's aid continues to be given in terms that are less generous than the norm in OECD countries.

Africa's share in Japanese overseas investment has also increased over the last decade whereas the reverse is true of Africa's share in U.S. foreign investment. However, Sub-Saharan Africa still accounts for less than 2% of total Japanese overseas investment. Contrary to popular impressions, the single most important locus for Japanese investment has not been in resource projects but in shipping firms in Liberia (many of which remain under 100% Japanese ownership). Although mining has been a major growth area in recent years, at the present time there are only 11 mineral projects in operation. Our interviews with Japanese decision-makers lead us to believe that Black Africa will grow in importance in this regard. While Japan was willing in the early 1970s -- a time of great concern regarding future supplies of raw materials -- to undertake investments that were perceived by others as being too risky (e.g., copper mining in Zaire, Shaba Province), the current prevailing orthodoxy in Tokyo is that the risk of African mineral ventures generally has not been worthwhile (with the exception of uranium in Niger and oil in Gabon). Having successfully diversified its sources of raw materials over the last decade, Japan is now being much more discriminating in choosing new projects and places greater emphasis on the potential reliability of these suppliers. South Africa remains the principal source of Japanese imports of minerals and agricultural products from the region.

Over the past decade, the Japanese have invested in light manufacturing and assembly plants to supply the local African markets. Notable among these investments are textile plants and transportation equipment assembly plants in Nigeria and electrical appliances in Kenya. Textile plants have also been built in Ethiopia, Kenya, Mauritius, Sudan, and Tanzania. These investments help explain the growing importance of capital equipment in the composition of Japan's exports to Africa.

If there is anything in this review of Japanese economic activity in Africa which might cause alarm to U.S. policy-makers, it is Japan's relative success, in comparison to the U.S., in winning a growing share of the market for capital equipment in Black Africa. It is impossible for us to isolate the reasons for the differences in performance -- whether, for instance, it comes from the superiority of the technology offered by Japan, or competitive pricing policy, or from a greater effort by Japanese corporations to penetrate new, and often difficult, markets. There are some structural advantages of their economy which Japanese corporations enjoy that would be difficult for U.S. corporations to match, e.g., the role played by the Sogo Shosha in promoting international commerce. On the other hand, we have identified some areas suitable to government control in which Japanese and U.S. corporations do not compete on equal terms. In Chapter 5 we have documented the various incentives offered by the Japanese government to the private sector. Japanese business operating overseas enjoys a safety net of government programs, including export earnings insurance, loan monies, subsidized interest rates, foreign currency loans, tax incentives, and generous use of export credits. Such programs reduce the risk of undertaking new ventures in uncertain markets. Quite clearly, U.S. corporations do not benefit to the same extent from government support. If we are concerned about putting U.S. corporations on a more equal footing with their Japanese competitors in Africa, the implications are obvious.³ The U.S. government must play a more active role in providing programs which reduce the risks experienced by American business in pursuing foreign investment opportunities.

REFERENCES

- (1) Our findings that the success of Japanese corporations tend to be sectorally specific reinforces the conclusions reached by Ira C. Magaziner and Thomas M. Hout, Japanese Industrial Policy, (Institute of International Studies, University of California, Berkeley, Policy Papers in International Affairs, no. 15, 1981).
- (2) Calculated from data in: Agency for International Development, U.S. Overseas Loans and Grants (Washington, D.C., 1981).
- (3) Our findings reinforce recommendations made by Pauline Baker, Obstacles to Private Sector Activity in Africa, (Washington D.C.: Department of State, January 1983).

APPENDIX A

GENERAL TRADE

TABLE A-1
Developing Countries' Share of Japanese Trade with the World
(Percent)

<u>Share of Japanese Exports to the Developing World</u>												
Grouping	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
LDCs	38.5	37.7	36.1	39.7	42.1	46.2	41.3	43.1	44.7	44.4	44.5	45.5
Oil LDCs*	5.0	5.5	6.4	7.3	9.7	14.9	13.7	14.6	14.4	12.9	14.2	15.1
NOLDCs#	33.5	32.2	29.7	32.4	32.4	31.3	27.6	28.5	30.3	31.5	31.2	30.4
Africa	3.9	3.9	3.2	3.5	3.6	3.8	3.0	3.4	3.0	2.7	3.6	3.7
Asia	24.2	22.5	20.3	22.1	20.6	20.3	18.0	18.8	21.5	23.1	21.5	20.1
<u>Share of Japanese Imports from the Developing World</u>												
Grouping	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
LDCs	40.6	43.9	43.3	43.3	53.9	55.7	56.8	58.1	55.0	57.7	62.9	61.9
Oil LDCs*	15.0	19.0	19.7	18.5	32.7	34.4	34.8	35.3	32.0	34.0	41.2	39.7
NOLDCs#	25.6	24.9	23.6	24.8	21.2	21.3	22.0	22.8	23.0	23.7	21.7	22.2
Africa	5.4	4.7	4.7	4.3	3.7	3.4	2.7	2.6	2.6	2.6	2.4	2.4
Asia	13.4	13.6	13.2	15.8	13.5	14.1	15.2	15.3	16.0	16.7	15.2	15.3

Source: International Monetary Fund, Directions of Trade (Annual Editions 1972, 1975, 1982).

TABLE A-2
Japanese Trade with Africa
(Percent)

<u>Exports to Africa as a Share of Exports to the Developing World</u>												
Grouping	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Africa	10.1	10.4	8.9	8.9	8.6	8.3	7.3	7.8	6.8	6.0	7.9	8.3
A w/o SA*	5.6	5.8	5.3	4.8	4.5	4.9	4.7	5.8	4.6	3.8	4.8	5.1
A w/o N#	10.6	10.9	9.3	9.8	9.6	8.7	7.8	7.6	6.8	6.0	7.8	7.6
<u>Imports from Africa as a Share of Imports from the Developing World</u>												
Grouping	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Africa	13.9	10.6	10.9	9.9	6.9	6.0	4.8	4.6	4.7	4.5	3.9	3.9
A w/o SA*	8.9	6.8	6.9	6.7	4.6	3.3	2.7	2.4	2.2	2.4	1.9	1.9
A w/o N#	21.0	18.3	18.6	15.3	14.2	13.6	11.5	11.5	11.1	10.8	10.9	9.7

*Africa excluding South Africa as a percentage of LDCs.

#Africa excluding Nigeria as a percentage of non-oil LDCs.

Source: International Monetary Fund, Directions of Trade (Annual Editions 1972, 1975, 1982).

TABLE A-3
Developing Countries' Share of United States Trade with the World
(Percent)

Share of U.S. Exports to the Developing World

Grouping	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
LDCs	31.3	31.8	30.5	30.4	34.3	36.2	34.8	35.2	36.4	34.5	37.5	38.9
Oil LDCs*	4.4	5.0	5.3	4.8	6.5	9.6	10.5	11.1	11.1	8.0	7.7	8.9
NOLDCs#	26.9	26.8	25.2	25.6	27.8	26.6	24.3	24.0	25.3	26.5	29.9	30.0
Africa	2.7	3.0	2.4	2.2	2.5	2.8	2.8	2.6	2.3	1.9	2.5	2.8
Asia	8.9	8.7	8.3	8.7	8.9	7.4	6.7	6.9	7.9	8.8	9.9	9.3

Share of U.S. Imports from the Developing World

Grouping	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
LDCs	26.9	26.0	26.4	29.6	39.7	41.1	43.3	45.3	40.9	44.5	46.8	43.3
Oil LDCs*	3.9	4.4	4.6	6.6	14.9	18.8	21.9	23.5	18.0	21.3	22.2	18.5
NOLDCs#	23.0	21.6	21.8	23.2	25.8	22.3	21.4	21.8	22.1	23.2	24.6	24.8
Africa	2.6	2.5	2.4	3.0	5.4	6.1	6.8	6.9	5.6	6.7	7.5	6.2
Asia	8.2	8.3	9.1	9.5	8.6	6.6	7.4	7.4	7.8	7.9	7.9	8.6

* Major oil-exporting LDCs.

#Non oil-exporting LDCs.

Source: International Monetary Fund, Directions of Trade (Annual Editions 1972, 1975, 1982).

TABLE A-4
United States Trade with Africa
(Percent)

<u>Exports to Africa as a Share of Exports to the Developing World</u>												
Grouping	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Africa	8.6	9.3	10.6	7.4	7.2	7.8	7.9	7.4	6.4	5.5	6.6	7.2
A w/o SA*	4.5	4.9	3.7	4.0	3.7	4.5	4.6	4.9	4.4	3.2	3.6	4.0
A w/o N#	9.0	9.6	8.6	7.9	7.8	8.7	8.6	7.5	6.6	5.8	6.5	7.2

<u>Imports from Africa as a Share of Imports from the Developing World</u>												
Grouping	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Africa	9.5	9.6	9.1	10.1	13.5	15.0	15.8	15.2	13.8	15.1	16.1	14.3
A w/o SA*	6.8	7.2	6.9	8.3	12.0	12.9	14.1	13.3	10.7	12.3	13.2	12.2
A w/o N#	10.4	10.1	8.7	8.8	8.5	12.1	12.0	12.0	12.7	11.6	12.4	10.9

*Africa excluding South Africa as a percentage of LDCs.

#Africa excluding Nigeria as a percentage of non-oil LDCs.

Source: International Monetary Fund, Directions of Trade (Annual Editions 1972, 1975, 1982).

APPENDIX B

NON-PARAMETRIC TESTS

To examine changes in trade patterns between selected groupings of the African countries (e.g. Africa (without Nigeria) group, Arusha group) and one or more of their trading partners, (e.g. Japan, U.S.), we consider the total exports and imports of the African grouping to and from its trading partners before and after 1976. More precisely, we will try to determine whether the levels of exports and imports for the six year period 1976-1981 are different from the preceding six year period 1970-1975.

Because of the worldwide inflationary trend during the seventies, both exports and imports display an upward trend throughout the twelve years considered, when expressed in monetary units. In order to neutralize this effect we divide, for any given year, the exports or imports to or from an African grouping by the exports or imports to or from the entire world. We call these ratios export and import "shares," as they represent the African grouping's share of world trade.

Our objective, then, is to detect whether there has been any change in the average export/import shares in the two sample periods, 1970-1975 and 1976-1981. Against our null hypothesis (that no statistically significant change in market shares occurred), we test two alternative hypothesis: (a) that market shares increased; and (b) that market shares declined. An alternative hypothesis is accepted where there is a 95% probability that market shares either increased or decreased.

Any test of these two hypotheses is subject to the following types of errors:

1. Type I error: Rejection of the null hypothesis when in reality it is true.

2. Type II error: Acceptance of the null hypothesis when in fact it is false.

The choice of a test for the null hypothesis should be made with a criterion to keep both types of errors as small as possible. In reality, it is impossible to minimize type I and type II errors simultaneously. Thus, we chose to keep the level of type I error (the probability of rejecting the null hypothesis when it is in fact true) fixed at 5%. The modest sample size (two times six years) does not warrant a parametric test to prove or reject the two hypotheses. Instead, we take recourse to a more robust non-parametric test particularly suited for this type of problem, the Wilcoxon-Mann-Whitney (W) test, that minimizes errors of type II.

Comparison of W-Tests With t-Tests

The W- and t-tests have one assumption in common: that the two underlying populations from which the samples are drawn are identical except for possible differences in their means. The t-test makes the additional assumption that the underlying populations are normal.

The t-test is the "best" test when the underlying populations indeed are normal. By "best" we mean that it is the test with lowest type II error when type I error is fixed, say at 5%. The W-test, however, compares well with the t-test in relative efficiency, that is, in the ratio of sample sizes required to give equal probabilities of type I and type II errors. In fact, when the underlying population is not normal, the W-test actually surpasses the t-test in efficiency. An additional advantage offered by the W-test is that it does not give undue emphasis to "outliers" resulting from imperfect data collection. This property is relevant to our analysis, as indicated by the frequent corrections that the IMF directions of trade data are subject to. For the above reasons we chose to use the W-test.

Example of the W Test

As an illustration of the W-test, let us examine Table C-22 from Appendix C, reproduced below.

The shares of Africa (w/o N'igeria) exports going to Japan as a percentage of the trade of Africa (w/o Nigeria) with the world are calculated and ranked, with lowest equal to 1 and highest equal to 12. In this example, the decline of export shares is particularly strik-

ing: from a level in the 8% range before 1975 the export shares range consistently in the 5% range after 1975.

TABLE C-22
Exports from AFRICA (w/o NIGERIA) to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	702	666	797	1068	1316	1253	1282	1421	1497	2048	2608	2762
SHARE (%)	8.29	8.35	8.52	8.45	7.52	5.99	5.80	5.38	5.17	5.25	5.22	5.85
GROWTH (%)	11.7	-5.0	19.7	33.9	23.3	-4.8	2.3	10.8	5.4	36.8	27.3	5.9
RANKS:	9	10	12	11	8	7	5	4	1	3	2	6
STATISTICS:	Rank 1970-1975 = 57						Rank 1976-1981 = 21					

Export volume to the EEC and to the world were obtained from the IMF Directions of Trade Yearbook (1976, 1980 and 1982 editions).

For this application, the W-test statistic is the sum of the 1970 to 1975 ranks. Very high or very low values of the W-test statistic are grounds to reject the null hypothesis. For two samples of six each, the highest W value is 57, the lowest is 21. In this particular example W, the sum of the ranks from 1970 to 1975, is 57. (The sum of 1976 to 1981 ranks is given for clarity; it provides no new information). The Wilcoxon-Mann-Whitney Tables show that by rejecting the null hypothesis that export shares remained unchanged, we risk a (type I) error with less than 0.1% probability. In general, we do not require such a stringent requirement for the level of type I error. We only require the probability of type I error to be less than or equal to 5%. In Appendix C and Chapter 2 type I error is referred to by the more common concept of statistical significance. Thus, we require a significance level of 5% or less, in order to reject the null hypothesis (that market shares did not change in the period 1976-1981 compared to the preceding period).

APPENDIX C

AFRICAN COUNTRY GROUPINGS AND STATISTICAL TABLES

Tables C-3 through C-82 contain the export and import data for the country groupings listed in Table C-2. For example, Table C-3 contains the volume of exports from Africa to the U.S. for the years 1970 to 1981. The share of exports as a percentage of African exports to the entire world is given next, followed by the annual rate of growth of exports.

Export shares are then ranked, with lowest=1 and highest=12. The sum of the 1970-1975 rankings provides the non-parametric statistic. For our example (Table C-3), the sum of the rankings equals 21. Thus, we can state, "Export shares did increase after 1975 at a 0.1% significance level." In other words, there is only a 0.1% probability that we are in error by assuming that export shares did increase. A more detailed explanation of the test is given in Appendix B.

Table C-1 lists the African countries. Table C-2 describes the AFRICAN country groupings on which the non-parametric tests were performed.

TABLE C-1
List of African Countries

Benin	Botswana	Burundi
Cameroon	Cape Verde	Central Afr. Rep.
Chad	Comoros	Congo
Djibouti	Equatorial Guinea	Ethiopia
Gabon	Gambia	Ghana
Guinea	Guinea Bissau	Ivory Coast
Kenya	Lesotho	Liberia
Madagascar	Malawi	Mali
Mauritania	Mauritius	Niger
Nigeria	Rwanda	Sao Tome & Principe
Senegal	Seychelles	Sierra Leone
Somalia	Sudan	Swaziland
Tanzania	Togo	Uganda
Upper Volta	Zaire	Zambia
Angola	Mozambique	South Africa
Zimbabwe		

TABLE C-2
List of Countries Contained in African Country Groupings

<u>ACP</u>		
Bahamas	Barbados	Benin
Botswana	Burundi	Cameroon
Cape Verde	Central Afr. Rep.	Chad
Comoros	Congo	Djibouti
Dominica	Equatorial Guinea	Ethiopia
Fiji	Gabon	Gambia
Ghana	Granada	Guinea
Guinea Bissau	Guyana	Ivory Coast
Jamaica	Kenya	Kiribati
Lesotho	Liberia	Madagascar
Malawi	Mali	Mauritania
Mauritius	Niger	Nigeria
Papua New Guinea	Rwanda	S. L., S. V. & G.*
Sao Tome & Principe	Senegal	Seychelles
Sierra Leone	Solomon Islands	Somalia
Sudan	Surinam	Swaziland
Tanzania	Togo	Tonga
Trinidad & Tobago	Tuvalu	Uganda
Upper Volta	Western Samoa	Zaire
Zambia		

*Santa Lucia, Saint Vincent and Grenadines

<u>Commonwealth Africa</u>		
Botswana	Gambia	Ghana
Kenya	Lesotho	Malawi
Mauritius	Nigeria	Sierra Leone
Swaziland	Tanzania	Uganda
Zambia		

<u>East Africa</u>		
Kenya	Tanzania	Uganda

<u>Francophone Africa</u>		
Benin	Burundi	Cameroon
Central Afr. Rep.	Chad	Congo
Gabon	Ivory Coast	Madagascar
Mali	Mauritania	Niger
Rwanda	Senegal	Somalia
Togo	Upper Volta	Zaire

TABLE C-2 (cont'd)

<u>Least Developed Africa</u>		
Benin	Botswana	Burundi
Cape Verde	Central Afr. Rep.	Chad
Comoros	Djibouti	Ethiopia
Gambia	Guinea	Guinea Bissau
Lesotho	Malawi	Mali
Mauritania	Niger	Rwanda
Sao Tome & Principe	Seychelles	Somalia
Sudan	Swaziland	Tanzania
Togo	Uganda	Upper Volta
<u>Non-Oil Francophone Africa</u>		
Benin	Burundi	Cameroon
Central Afr. Rep.	Chad	Ivory Coast
Madagascar	Mali	Mauritania
Niger	Rwanda	Senegal
Somalia	Togo	Upper Volta
Zaire		
<u>Oil Africa</u>		
Congo	Gabon	Nigeria
Angola		

TABLE C-3
Exports from AFRICA to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	909	1112	1285	1976	4304	4468	6289	7912	8010	12532	16206	15065
SHARE (%)	9.38	11.37	11.14	12.28	16.10	15.45	19.14	20.68	20.59	22.33	21.74	22.8"
GROWTH (%)	20.8	22.3	15.5	53.8	117.8	3.8	40.8	25.8	1.2	56.5	29.3	-7.0
RANK:	1	3	2	4	6	5	7	9	8	11	10	12
STATISTICS:	Rank 1970 - 1975 = 21						Rank 1976 - 1981 = 57					

EXPORT shares from AFRICA to UNITED STATES
INCREASED after 1975 at a .1 % significance level

TABLE C-4
Exports from AFRICA (w/o NIGERIA) to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	767	793	830	1140	1781	2152	2530	3230	3812	4436	5735	6379
SHARE (%)	9.07	9.94	8.86	9.03	10.17	10.28	11.45	12.22	13.17	11.37	11.48	13.51
GROWTH (%)	19.8	3.3	4.7	37.4	56.2	20.8	17.6	27.6	18.0	16.4	29.3	11.2
RANK:	3	4	1	2	5	6	8	10	11	7	9	12
STATISTICS:	Rank 1970 - 1975 = 21						Rank 1976 - 1981 = 57					

EXPORT shares from AFRICA (w/o NIGERIA) to UNITED STATES
INCREASED after 1975 at a .1 % significance level

TABLE C-5
Exports from AFRICA (w/o SOUTH AFRICA) to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	728	946	1094	1741	3952	3878	5762	7001	6450	10853	14081	13112
SHARE (%)	9.68	12.45	12.30	13.82	18.11	19.43	23.15	24.77	24.77	28.77	28.81	30.29
GROWTH (%)	21.2	29.9	15.7	59.1	127.0	-1.9	48.6	21.5	-7.9	68.3	29.7	-6.9
RANK:	1	3	2	4	5	6	7	9	8	10	11	12
STATISTICS:	Rank 1970 - 1975 = 21						Rank 1976 - 1981 = 57					

EXPORT shares from AFRICA (w/o SOUTH AFRICA) to UNITED STATES
INCREASED after 1975 at a .1 % significance level

TABLE C-6
Exports from AFRICA (w/o SOUTH AFRICA & w/o NIGERIA) to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	586	626	639	905	1429	1562	2003	2319	2252	2757	3610	4426
SHARE (%)	9.32	10.82	9.52	9.21	11.34	13.05	14.19	14.10	14.00	13.37	14.87	18.02
GROWTH (%)	19.9	6.9	2.1	41.6	57.9	9.3	28.3	15.7	-2.9	22.4	30.9	22.6
RANK:	1	4	2	3	5	6	10	9	8	7	11	12

STATISTICS: Rank 1970 - 1975 = 21 Rank 1976 - 1981 = 57

EXPORT shares from AFRICA (w/o SOUTH AFRICA & w/o NIGERIA) to UNITED STATES
INCREASED after 1975 at a .1 % significance level

TABLE C-7
Exports from ACP to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	1435	1780	2069	2940	7151	7701	10746	12087	9368	14670	18098	16961
SHARE (%)	16.88	20.00	19.77	20.09	26.99	29.50	33.82	33.67	29.77	32.69	31.63	33.73
GROWTH (%)	21.4	24.0	16.3	42.1	143.3	7.7	39.5	12.5	-22.5	56.6	23.4	-6.3
RANK:	1	3	2	4	5	6	12	10	7	9	8	11

STATISTICS: Rank 1970 - 1975 = 21 Rank 1976 - 1981 = 57

EXPORT shares from ACP to UNITED STATES
INCREASED after 1975 at a .1 % significance level

TABLE C-8
Exports from COMMONWEALTH AFRICAN to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	329	503	628	1065	2807	2589	4369	5396	4732	8748	11270	9518
SHARE (%)	8.52	12.56	13.27	15.54	20.84	22.17	28.92	31.90	32.75	38.24	36.38	39.23
GROWTH (%)	25.3	53.2	24.9	69.4	163.7	-7.8	68.8	23.5	-12.3	84.9	28.8	-15.5
RANK:	1	2	3	4	5	6	7	8	9	11	10	12

STATISTICS: Rank 1970 - 1975 = 21 Rank 1976 - 1981 = 57

EXPORT shares from COMMONWEALTH AFRICAN to UNITED STATES
INCREASED after 1975 at a .1 % significance level

TABLE C-9
Exports from ARUSHA to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	92	87	91	109	127	111	211	353	175	148	186	164
SHARE (%)	10.93	10.19	9.42	9.69	9.44	8.73	12.82	15.57	9.58	7.13	8.03	7.86
GROWTH (%)	16.8	-6.0	4.3	20.3	16.9	-13.2	90.6	67.2	-50.5	-15.4	25.5	-11.6
RANK:	10	9	5	8	6	4	11	12	7	1	3	2
STATISTICS:	Rank 1970 - 1975 = 42						Rank 1976 - 1981 = 36					

EXPORT shares from ARUSHA to UNITED STATES
DID NOT CHANGE after 1975

TABLE C-10
Exports from YAOUNDE to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	193	215	229	243	430	573	745	815	995	1279	1628	2169
SHARE (%)	8.40	9.95	9.00	6.77	7.87	10.01	10.43	9.55	11.47	11.38	12.66	16.47
GROWTH (%)	23.9	11.7	6.5	6.2	77.0	33.1	30.0	9.4	22.1	28.5	27.3	33.2
RANK:	3	6	4	1	2	7	8	5	10	9	11	12
STATISTICS:	Rank 1970 - 1975 = 23						Rank 1976 - 1981 = 55					

EXPORT shares from YAOUNDE to UNITED STATES
INCREASED after 1975 at a .4 % significance level

TABLE C-11
Exports from LEAST DEVELOPED AFRICA to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	184	172	194	228	264	257	486	617	457	485	577	732
SHARE (%)	11.61	10.48	10.32	10.17	10.14	9.50	14.08	14.93	12.65	10.41	10.30	13.55
GROWTH (%)	20.5	-6.1	12.3	17.9	15.5	-2.4	88.8	27.0	-26.0	6.3	18.9	26.8
RANK:	8	7	5	3	2	1	11	12	9	6	4	10
STATISTICS:	Rank 1970 - 1975 = 26						Rank 1976 - 1981 = 52					

EXPORT shares from LEAST DEVELOPED AFRICA to UNITED STATES
INCREASED after 1975 at a 2.1 % significance level

TABLE C-12
Exports from NON-OIL YAOUNDE to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	187	200	210	221	227	292	478	604	768	894	1162	1488
SHARE (%)	8.75	10.27	9.22	6.87	5.06	6.35	8.20	8.61	10.30	10.07	12.28	14.53
GROWTH (%)	35.3	6.7	5.2	5.3	2.6	29.0	63.4	26.5	27.1	16.5	29.9	28.0
RANK:	6	9	7	3	1	2	4	5	10	8	11	12
STATISTICS:	Rank 1970 - 1975 = 28						Rank 1976 - 1981 = 50					

EXPORT shares from NON-OIL YAOUNDE to UNITED STATES
INCREASED after 1975 at a 4.7 % significance level

TABLE C-13
Exports from OIL AFRICA to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	214	418	553	1077	3198	3049	4323	5336	4824	8922	11646	10220
SHARE (%)	11.78	17.17	18.90	23.52	27.73	30.38	34.01	37.92	40.16	43.40	39.21	43.11
GROWTH (%)	18.1	95.6	32.2	94.9	196.9	-4.7	41.8	23.4	-9.6	85.0	30.5	-12.2
RANK:	1	2	3	4	5	6	7	8	10	12	9	11
STATISTICS:	Rank 1970 - 1975 = 21						Rank 1976 - 1981 = 57					

EXPORT shares from OIL AFRICA to UNITED STATES
INCREASED after 1975 at a .1 % significance level

TABLE C-14
Exports from IVORY COAST to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	88	77	76	95	86	121	172	253	338	241	276	338
SHARE (%)	18.68	16.86	13.90	11.08	7.06	10.22	10.45	11.73	14.55	9.60	9.27	13.07
GROWTH (%)	36.4	-12.2	-1.3	25.7	-10.3	41.8	41.4	47.3	33.8	-28.6	14.1	22.6
RANK:	12	11	9	6	1	4	5	7	10	3	2	8
STATISTICS:	Rank 1970 - 1975 = 43						Rank 1976 - 1981 = 35					

EXPORT shares from IVORY COAST to UNITED STATES
DECREASED after 1975 at a 29.4 % significance level

TABLE C-15
Exports from KENYA to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	19	16	15	21	23	23	44	67	46	45	46	47
SHARE (%)	6.22	5.02	4.28	4.51	3.73	3.74	5.55	5.62	4.53	4.05	3.66	3.85
GROWTH (%)	29.5	-16.9	-2.4	39.2	5.1	0.0	95.6	51.4	-30.5	-3.2	1.8	2.6
RANK:	12	9	6	7	2	3	10	11	8	5	1	4
STATISTICS:	Rank 1970 - 1975 = 39						Rank 1976 - 1981 = 39					

EXPORT shares from KENYA to UNITED STATES
DID NOT CHANGE after 1975

TABLE C-16
Exports from NIGERIA to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	142	320	455	836	2523	2316	3759	4682	4198	8096	10471	8686
SHARE (%)	11.49	17.67	20.89	24.15	27.37	28.97	34.90	39.60	42.17	47.33	42.55	46.38
GROWTH (%)	26.6	124.8	42.3	83.6	201.8	-8.2	62.3	24.6	-10.3	92.9	29.3	-17.0
RANK:	1	2	3	4	5	6	7	8	9	12	10	11
STATISTICS:	Rank 1970 - 1975 = 21						Rank 1976 - 1981 = 57					

EXPORT shares from NIGERIA to UNITED STATES
INCREASED after 1975 at a .1 % significance level

TABLE C-17
Exports from SENEGAL to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	1	1	1	0	3	0	0	0	1	1	1	1
SHARE (%)	0.41	0.52	0.45	0.21	0.72	0.10	0.01	0.04	0.35	0.20	0.22	0.31
GROWTH (%)	77.1	4.8	49.2	-58.8	600.0	-83.6	-87.0	300.0	516.7	-28.4	-0.9	21.0
RANK:	9	11	10	5	12	3	1	2	8	4	6	7
STATISTICS:	Rank 1970 - 1975 = 50						Rank 1976 - 1981 = 28					

EXPORT shares from SENEGAL to UNITED STATES
DECREASED after 1975 at a 4.7 % significance level

TABLE C-18
Exports from SOUTH AFRICA to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	181	166	191	235	352	590	527	911	1559	1679	2126	1953
SHARE (%)	8.33	7.61	7.21	6.73	7.16	6.59	6.61	9.12	12.13	9.15	8.28	8.61
GROWTH (%)	19.3	-8.2	14.6	23.4	49.6	67.6	-10.7	72.9	71.2	7.7	26.6	-8.1
RANK:	8	6	5	3	4	1	2	10	12	11	7	9
STATISTICS:	Rank 1970 - 1975 = 27						Rank 1976 - 1981 = 51					

EXPORT shares from SOUTH AFRICA to UNITED STATES
INCREASED after 1975 at a 3.2 % significance level

TABLE C-19
Exports from ZAIRE & ZAMBIA to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	15	50	46	28	36	86	351	256	313	439	554	508
SHARE (%)	0.84	3.91	3.33	1.33	1.28	3.89	12.09	8.83	9.78	10.77	14.78	12.73
GROWTH (%)	-40.7	240.4	-7.2	-38.4	26.1	140.5	307.2	-27.1	22.6	40.2	26.1	-8.4
RANK:	1	6	4	3	2	5	10	7	8	9	12	11
STATISTICS:	Rank 1970 - 1975 = 21						Rank 1976 - 1981 = 57					

EXPORT shares from ZAIRE & ZAMBIA to UNITED STATES
INCREASED after 1975 at a .1 % significance level

TABLE C-20
Exports from ZAMBIA to UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	2	6	3	6	8	0	170	93	86	141	187	108
SHARE (%)	0.20	0.94	0.42	0.53	0.58	0.02	16.25	10.35	10.60	10.23	12.25	9.19
GROWTH (%)	-83.6	220.0	-50.0	87.5	36.7	-97.6	84700	-45.3	-7.1	63.3	32.5	-42.4
RANK:	2	6	3	4	5	1	12	9	10	8	11	7
STATISTICS:	Rank 1970 - 1975 = 21						Rank 1976 - 1981 = 57					

EXPORT shares from ZAMBIA to UNITED STATES
INCREASED after 1975 at a .1 % significance level

TABLE C-21
Exports from AFRICA to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	711	691	881	1226	1694	1533	1334	1433	1503	2086	2718	3071
SHARE (%)	7.33	7.06	7.64	7.62	6.34	5.30	4.06	3.75	3.87	3.72	3.65	4.66
GROWTH (%)	11.6	-2.9	27.6	39.1	38.2	-9.5	-13.0	7.4	4.9	38.8	30.3	13.0
RANK:	10	9	12	11	8	7	5	3	4	2	1	6
STATISTICS:	Rank 1970 - 1975 = 57						Rank 1976 - 1981 = 21					

EXPORT shares from AFRICA to JAPAN
DECREASED after 1975 at a .1 % significance level

TABLE C-22
Exports from AFRICA (w/o NIGERIA) to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	702	666	797	1068	1316	1253	1282	1421	1497	2048	2608	2762
SHARE (%)	8.29	8.35	8.52	8.45	7.52	5.99	5.80	5.38	5.17	5.25	5.22	5.85
GROWTH (%)	11.7	-5.0	19.7	33.9	23.3	-4.8	2.3	10.8	5.4	36.8	27.3	5.9
RANK:	9	10	12	11	8	7	5	4	1	3	2	6
STATISTICS:	Rank 1970 - 1975 = 57						Rank 1976 - 1981 = 21					

EXPORT shares from AFRICA (w/o NIGERIA) to JAPAN
DECREASED after 1975 at a .1 % significance level

TABLE C-23
Exports from AFRICA (w/o SOUTH AFRICA) to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	458	436	546	873	1174	868	742	696	628	957	1167	1497
SHARE (%)	6.09	5.74	6.14	6.93	5.38	4.35	2.98	2.46	2.41	2.54	2.39	3.46
GROWTH (%)	7.6	-4.9	25.2	59.9	34.5	-26.0	-14.6	-6.2	-9.8	52.5	21.9	28.3
RANK:	10	9	11	12	8	7	5	3	2	4	1	6
STATISTICS:	Rank 1970 - 1975 = 57						Rank 1976 - 1981 = 21					

EXPORT shares from AFRICA (w/o SOUTH AFRICA) to JAPAN
DECREASED after 1975 at a .1 % significance level

TABLE C-24
Exports from AFRICA (w/o SOUTH AFRICA & w/o NIGERIA) to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	449	411	462	715	796	589	690	684	622	919	1057	1188
SHARE (%)	7.14	7.10	6.88	7.82	6.32	4.92	4.89	4.16	3.84	4.46	4.35	4.84
GROWTH (%)	7.7	-8.4	12.3	54.7	11.4	-26.0	17.2	-0.9	-9.1	47.8	15.0	12.4
RANK:	11	10	9	12	8	7	6	2	1	4	3	5

STATISTICS: Rank 1970 - 1975 = 57 Rank 1976 - 1981 = 21

EXPORT shares from AFRICA (w/o SOUTH AFRICA & w/o NIGERIA) to JAPAN
DECREASED after 1975 at a .1 % significance level

TABLE C-25
Exports from ACP to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	457	441	592	1059	1440	946	861	924	877	1310	1512	1842
SHARE (%)	5.37	4.96	5.66	7.24	5.44	3.62	2.71	2.57	2.79	2.92	2.64	3.66
GROWTH (%)	6.3	-3.3	34.1	78.9	36.0	-34.3	-8.9	7.3	-5.2	49.5	15.4	21.8
RANK:	9	8	11	12	10	6	3	1	4	5	2	7

STATISTICS: Rank 1970 - 1975 = 56 Rank 1976 - 1981 = 22

EXPORT shares from ACP to JAPAN
DECREASED after 1975 at a .2 % significance level

TABLE C-26
Exports from COMMONWEALTH AFRICAN to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	349	269	353	563	819	563	358	304	300	502	592	725
SHARE (%)	9.04	6.71	7.45	8.22	6.08	4.82	2.37	1.79	2.07	2.19	1.91	2.99
GROWTH (%)	-2.0	-22.8	31.1	59.7	45.3	-31.2	-36.4	-15.3	-1.3	67.5	17.9	22.5
RANK:	12	9	10	11	8	7	5	1	3	4	2	6

STATISTICS: Rank 1970 - 1975 = 57 Rank 1976 - 1981 = 21

EXPORT shares from COMMONWEALTH AFRICAN to JAPAN
DECREASED after 1975 at a .1 % significance level

TABLE C-27
Exports from ARUSHA to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	43	39	45	47	58	39	49	43	54	80	70	39
SHARE (%)	5.11	4.62	4.62	4.21	4.33	3.08	2.97	1.93	2.94	3.88	3.04	1.89
GROWTH (%)	12.4	-8.8	14.7	4.9	23.4	-33.2	25.1	-11.1	23.4	50.1	-12.8	-43.8
EXPORT RANK:		:		12	10	11	8	9	6	4	2	3
STATISTICS:	Rank 1970 - 1975 = 56						Rank 1976 - 1981 = 22					

EXPORT shares from ARUSHA to JAPAN
DECREASED after 1975 at a .2 % significance level

TABLE C-28
Exports from YAOUNDE to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	34	67	84	162	215	147	242	297	213	292	349	318
SHARE (%)	1.47	3.10	3.31	4.52	3.93	2.56	3.39	3.48	2.46	2.60	2.71	2.42
GROWTH (%)	25.7	98.3	25.5	93.1	32.4	-31.8	65.1	22.7	-28.1	36.8	19.5	-8.8
RANK:	1	7	8	12	11	4	9	10	3	5	6	2
STATISTICS:	Rank 1970 - 1975 = 43						Rank 1976 - 1981 = 35					

EXPORT shares from YAOUNDE to JAPAN
DECREASED after 1975 at a 29.4 % significance level

TABLE C-29
Exports from LEAST DEVELOPED AFRICA to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	110	112	129	150	185	135	190	197	174	220	231	223
SHARE (%)	6.96	6.80	6.90	6.69	7.10	4.97	5.51	4.77	4.82	4.71	4.12	4.13
GROWTH (%)	14.6	1.7	15.7	16.1	22.9	-27.0	41.2	3.6	-11.7	26.2	5.0	-3.4
RANK:	11	9	10	8	12	6	7	4	5	3	1	2
STATISTICS:	Rank 1970 - 1975 = 56						Rank 1976 - 1981 = 22					

EXPORT shares from LEAST DEVELOPED AFRICA to JAPAN
DECREASED after 1975 at a .2 % significance level

TABLE C-30
Exports from NON-OIL YAOUNDE to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	32	64	73	154	203	133	231	266	204	273	318	295
SHARE (%)	1.51	3.28	3.21	4.78	4.53	2.89	3.90	3.79	2.74	3.07	3.36	2.97
GROWTH (%)	28.4	97.8	14.8	110.5	31.8	-34.4	73.2	15.4	-23.2	33.4	16.6	-7.1
RANK:	1	7	6	12	11	3	10	9	2	5	8	4

STATISTICS: Rank 1970 - 1975 = 40 Rank 1976 - 1981 = 38

EXPORT shares from NON-OIL YAOUNDE to JAPAN
DID NOT CHANGE after 1975

TABLE C-31
Exports from OIL AFRICA to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	39	70	143	231	462	394	100	52	21	112	235	357
SHARE (%)	2.14	2.85	4.89	5.04	4.01	3.93	0.79	0.37	0.17	0.54	0.79	1.51
GROWTH (%)	47.9	78.8	105.8	61.4	100.3	-14.8	-74.6	-48.0	-60.5	442.5	110.8	51.6
RANK:	7	8	11	12	10	9	4	2	1	3	5	6

STATISTICS: Rank 1970 - 1975 = 57 Rank 1976 - 1981 = 21

EXPORT shares from OIL AFRICA to JAPAN
DECREASED after 1975 at a .1 % significance level

TABLE C-32
Exports from IVORY COAST to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	8	8	9	20	12	19	43	60	46	47	42	47
SHARE (%)	1.68	1.78	1.63	2.31	1.01	1.59	2.59	2.80	1.97	1.87	1.42	1.80
GROWTH (%)	-12.2	2.5	9.9	123.6	-38.7	54.9	125.4	41.8	-24.3	3.1	-10.6	10.5
RANK:	5	6	4	10	1	3	11	12	9	8	2	7

STATISTICS: Rank 1970 - 1975 = 29 Rank 1976 - 1981 = 49

EXPORT shares from IVORY COAST to JAPAN
INCREASED after 1975 at a 6.6 % significance level

TABLE C-33
Exports from KENYA to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	3	7	6	14	15	12	15	13	10	14	11	9
SHARE (%)	1.13	2.36	1.63	3.04	2.50	1.99	1.92	1.06	0.95	1.23	0.04	0.73
GROWTH (%)	-5.5	114.8	-20.9	145.7	4.8	-20.5	26.7	-17.1	-23.0	40.2	-22.8	-15.2
RANK:	5	10	7	12	11	9	8	4	3	6	2	1
STATISTICS:	Rank 1970 - 1975 = 54						Rank 1976 - 1981 = 24					

EXPORT shares from KENYA to JAPAN
DECREASED after 1975 at a .8 % significance level

TABLE C-34
Exports from NIGERIA to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	10	25	84	158	378	280	52	12	6	38	110	309
SHARE (%)	0.77	1.36	3.85	4.57	4.10	3.50	0.48	0.10	0.06	0.22	0.45	1.65
GROWTH (%)	3.2	157.3	239.7	88.6	138.7	-25.9	-81.4	-76.9	-50.0	533.3	189.5	180.9
RANK:	6	7	10	12	11	9	5	2	1	3	4	8
STATISTICS:	Rank 1970 - 1975 = 55						Rank 1976 - 1981 = 23					

EXPORT shares from NIGERIA to JAPAN
DECREASED after 1975 at a .4 % significance level

TABLE C-35
Exports from SENEGAL to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	2	1	2	3	6	6	10	12	8	8	11	13
SHARE (%)	1.42	0.94	0.94	1.28	1.57	1.33	2.02	1.89	1.92	1.49	2.30	3.15
GROWTH (%)	0.9	-45.8	73.5	23.2	146.0	-0.3	61.4	18.6	-31.0	-3.1	38.7	20.3
RANK:	5	1	2	3	7	4	10	8	9	6	11	12
STATISTICS:	Rank 1970 - 1975 = 22						Rank 1976 - 1981 = 56					

EXPORT shares from SENEGAL to JAPAN
INCREASED after 1975 at a .2 % significance level

TABLE C-36
Exports from SOUTH AFRICA to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	253	255	336	353	521	665	592	737	876	1129	1551	1575
SHARE (%)	11.63	11.67	12.68	10.10	10.59	7.42	7.42	7.38	6.82	6.14	6.04	6.95
GROWTH (%)	19.5	0.8	31.6	5.3	47.4	27.7	-11.0	24.5	18.8	28.9	37.4	1.5
RANK:	10	11	12	8	9	6	7	5	3	2	1	4

STATISTICS: Rank 1970 - 1975 = 56 Rank 1976 - 1981 = 22

EXPORT shares from SOUTH AFRICA to JAPAN
DECREASED after 1975 at a .2 % significance level

TABLE C-37
Exports from ZAIRE & ZAMBIA to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	234	164	179	349	391	196	249	238	239	359	395	313
SHARE (%)	13.45	12.91	12.93	16.31	14.02	8.84	8.60	8.22	7.46	8.80	10.53	7.84
GROWTH (%)	-7.6	-29.8	9.3	94.5	12.2	-49.9	27.3	-4.4	0.4	50.1	10.0	-20.8
RANK:	10	8	9	12	11	6	4	3	1	5	7	2

STATISTICS: Rank 1970 - 1975 = 56 Rank 1976 - 1981 = 22

EXPORT shares from ZAIRE & ZAMBIA to JAPAN
DECREASED after 1975 at a .2 % significance level

TABLE C-38
Exports from ZAMBIA to JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	233	140	155	275	292	141	170	157	163	254	272	248
SHARE (%)	23.28	20.54	20.44	24.20	20.77	17.40	16.31	17.50	19.99	18.47	17.86	21.16
GROWTH (%)	-7.7	-40.1	11.0	77.5	0.3	-51.7	20.5	-7.8	3.5	56.4	7.0	-8.9
RANK:	11	8	7	12	9	2	1	3	6	5	4	10

STATISTICS: Rank 1970 - 1975 = 49 Rank 1976 - 1981 = 29

EXPORT shares from ZAMBIA to JAPAN
DECREASED after 1975 at a 6.6 % significance level

TABLE C-39
Imports to AFRICA from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	1273	1472	1296	1619	2473	3288	3459	3579	3680	3690	5770	6968
SHARE (%)	11.74	11.61	10.45	10.33	10.84	11.64	12.06	10.67	9.41	2.14	9.04	9.84
GROWTH (%)	20.0	15.6	-12.0	24.9	52.8	33.0	5.2	3.5	2.8	0.3	56.4	20.8
RANK:	11	9	6	5	8	10	12	7	3	2	1	4
STATISTICS:	Rank 1970 - 1975 = 49						Rank 1976 - 1981 = 29					

IMPORT shares to AFRICA from UNITED STATES
DECREASED after 1975 at a 6.6 % significance level

TABLE C-40
Imports to AFRICA (w/o NIGERIA) from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	1119	1260	1140	1428	2135	2625	2563	2351	2319	2995	4505	5293
SHARE (%)	11.44	11.28	10.46	10.34	10.66	11.81	12.52	10.44	8.82	9.74	9.59	10.17
GROWTH (%)	15.0	12.5	-9.5	25.3	49.6	23.0	-2.4	-8.3	-1.3	29.1	50.4	17.5
RANK:	10	9	7	5	8	11	12	6	1	3	2	4
STATISTICS:	Rank 1970 - 1975 = 50						Rank 1976 - 1981 = 28					

IMPORT shares to AFRICA (w/o NIGERIA) from UNITED STATES
DECREASED after 1975 at a 4.7 % significance level

TABLE C-41
Imports to AFRICA (w/o SOUTH AFRICA) from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	680	814	691	858	1280	1948	1999	2454	2543	2212	3243	4016
SHARE (%)	9.82	9.88	8.25	8.16	8.56	9.77	9.35	9.01	8.08	7.05	7.28	8.42
GROWTH (%)	26.6	19.7	-15.1	24.2	49.1	52.2	2.6	22.8	3.6	-13.0	46.6	23.8
RANK:	11	12	5	4	7	10	9	8	3	1	2	6
STATISTICS:	Rank 1970 - 1975 = 49						Rank 1976 - 1981 = 29					

IMPORT shares to AFRICA (w/o SOUTH AFRICA) from UNITED STATES
DECREASED after 1975 at a 6.6 % significance level

TABLE C-42
Imports to AFRICA (w/o SOUTH AFRICA & w/o NIGERIA) from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	526	602	535	667	942	1285	1103	1226	1182	1517	1978	2341
SHARE (%)	8.98	8.95	7.79	7.71	7.74	9.24	8.38	7.56	6.33	6.98	7.14	8.09
GROWTH (%)	15.7	14.4	-11.1	24.7	41.2	36.4	-14.1	11.2	-3.6	28.3	30.4	18.3
RANK:	11	10	7	5	6	12	9	4	1	2	3	8

STATISTICS: Rank 1970 - 1975 = 51 Rank 1976 - 1981 = 27

IMPORT shares to AFRICA (w/o SOUTH AFRICA & w/o NIGERIA) from UNITED STATES
DECREASED after 1975 at a 3.2 % significance level

TABLE C-43
Imports to ACP from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	1375	1512	1455	1744	2577	3524	3542	3981	4333	4159	5809	6636
SHARE (%)	15.94	14.69	13.57	13.24	12.39	13.12	12.19	11.39	11.40	10.33	10.40	11.28
GROWTH (%)	18.2	10.0	-3.8	19.8	47.8	36.8	0.5	12.4	8.8	-4.0	39.7	14.2
RANK:	12	11	10	9	7	8	6	4	5	1	2	3

STATISTICS: Rank 1970 - 1975 = 57 Rank 1976 - 1981 = 21

IMPORT shares to ACP from UNITED STATES
DECREASED after 1975 at a .1 % significance level

TABLE C-44
Imports to COMMONWEALTH AFRICAN from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	358	433	338	402	657	1120	1249	1620	1719	1080	1839	2234
SHARE (%)	11.04	10.61	8.53	8.44	8.81	10.34	10.02	9.96	9.10	6.73	7.48	8.61
GROWTH (%)	47.0	21.1	-22.0	19.0	63.6	70.4	11.6	29.7	6.1	-37.2	70.2	21.5
RANK:	12	11	4	3	6	10	9	8	7	1	2	5

STATISTICS: Rank 1970 - 1975 = 46 Rank 1976 - 1981 = 32

IMPORT shares to COMMONWEALTH AFRICAN from UNITED STATES
DECREASED after 1975 at a 15.5 % significance level

TABLE C-45
Imports to ARUSHA from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	64	74	58	65	119	173	102	113	148	139	241	228
SHARE (%)	6.86	6.20	5.25	5.10	5.81	8.74	5.72	4.20	4.71	4.63	6.26	6.23
GROWTH (%)	54.9	15.6	-21.3	11.0	84.5	45.0	-40.8	10.3	31.4	-6.2	73.7	-5.7
RANK:	11	8	5	4	7	12	6	3	2	1	10	9
STATISTICS:	Rank 1970 - 1975 = 47						Rank 1976 - 1981 = 31					

IMPORT shares to ARUSHA from UNITED STATES
DECREASED after 1975 at a 12 % significance level

TABLE C-46
Imports to YAOUNDE from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	171	214	182	261	347	499	414	529	512	700	798	899
SHARE (%)	7.79	8.58	6.65	7.25	7.29	8.10	6.80	6.88	5.67	6.21	5.93	6.89
GROWTH (%)	1.7	25.2	-15.0	43.9	32.7	44.0	-17.2	28.0	-3.2	36.6	14.0	12.7
RANK:	10	12	4	8	9	11	5	6	1	3	2	7
STATISTICS:	Rank 1970 - 1975 = 54						Rank 1976 - 1981 = 24					

IMPORT shares to YAOUNDE from UNITED STATES
DECREASED after 1975 at a .8 % significance level

TABLE C-47
Imports to LEAST DEVELOPED AFRICA from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	101	115	115	147	264	353	306	292	328	427	594	671
SHARE (%)	5.75	5.52	5.28	5.48	6.91	7.45	6.91	5.55	5.08	5.57	5.80	6.67
GROWTH (%)	15.8	13.5	0.5	27.4	79.6	33.7	-13.3	-4.7	12.5	30.3	38.9	13.0
RANK:	7	4	2	3	11	12	10	5	1	6	8	9
STATISTICS:	Rank 1970 - 1975 = 39						Rank 1976 - 1981 = 39					

IMPORT shares to LEAST DEVELOPED AFRICA from UNITED STATES
DID NOT CHANGE after 1975

TABLE C-48
Imports to NON-OIL YAOUNDE from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	158	198	161	239	316	473	376	496	465	649	721	731
SHARE (%)	7.69	8.52	6.47	7.20	7.35	8.55	6.96	7.30	5.70	6.34	6.02	6.02
GROWTH (%)	2.8	25.0	-18.3	48.3	32.1	49.6	-20.5	31.9	-6.2	39.5	11.1	1.4
RANK:	10	11	5	7	9	12	6	8	1	3	2	4
STATISTICS:	Rank 1970 - 1975 = 54						Rank 1976 - 1981 = 24					

IMPORT shares to NON-OIL YAOUNDE from UNITED STATES
DECREASED after 1975 at a .8 % significance level

TABLE C-49
Imports to OIL AFRICA from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	206	275	226	264	436	748	973	1304	1443	848	1464	2138
SHARE (%)	13.17	13.06	10.61	9.82	11.32	10.59	10.63	10.39	10.06	7.29	7.45	9.65
GROWTH (%)	58.5	33.3	-17.6	16.7	65.2	71.3	30.2	34.0	10.6	-41.2	72.7	46.0
RANK:	12	11	8	4	10	7	9	6	5	1	2	3
STATISTICS:	Rank 1970 - 1975 = 52						Rank 1976 - 1981 = 26					

IMPORT shares to OIL AFRICA from UNITED STATES
DECREASED after 1975 at a 2.1 % significance level

TABLE C-50
Imports to IVORY COAST from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	31	27	27	64	66	81	97	133	121	166	203	143
SHARE (%)	7.91	6.84	6.13	8.96	6.84	7.16	7.44	7.61	5.24	6.68	6.74	5.86
GROWTH (%)	10.4	-11.1	0.4	132.5	3.8	21.9	20.3	37.2	-8.8	36.8	22.3	-29.8
RANK:	11	6	3	12	7	8	9	10	1	4	5	2
STATISTICS:	Rank 1970 - 1975 = 47						Rank 1976 - 1981 = 31					

IMPORT shares to IVORY COAST from UNITED STATES
DECREASED after 1975 at a 12 % significance level

TABLE C-51
Imports to KENYA from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	33	46	33	48	58	68	56	78	105	93	153	168
SHARE (%)	7.54	8.16	6.26	7.76	5.67	7.21	5.90	6.04	6.14	5.62	7.21	7.91
GROWTH (%)	30.3	37.1	-26.8	42.8	21.8	16.3	-16.7	37.9	35.2	-11.2	63.9	9.5
RANK:	9	12	6	10	2	7	3	4	5	1	8	11

STATISTICS: Rank 1970 - 1975 = 46 Rank 1976 - 1981 = 32

IMPORT shares to KENYA from UNITED STATES
DECREASED after 1975 at a 15.5 % significance level

TABLE C-52
Imports to NIGERIA from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	154	212	156	191	338	663	896	1228	1361	695	1265	1675
SHARE (%)	14.49	14.04	10.37	10.26	12.18	10.99	10.91	11.14	10.62	7.21	7.52	8.92
GROWTH (%)	87.2	38.1	-26.4	22.4	77.0	96.2	35.1	37.1	10.8	-48.9	82.0	32.4
RANK:	12	11	5	4	10	8	7	9	6	1	2	3

STATISTICS: Rank 1970 - 1975 = 50 Rank 1976 - 1981 = 28

IMPORT shares to NIGERIA from UNITED STATES
DECREASED after 1975 at a 4.7 % significance level

TABLE C-53
Imports to SENEGAL from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	9	13	17	27	31	43	32	64	58	44	45	47
SHARE (%)	4.82	6.00	6.01	7.43	6.32	7.40	5.40	8.37	7.74	4.58	4.32	4.51
GROWTH (%)	-30.0	42.1	27.9	61.0	16.7	36.9	-26.7	102.8	-8.5	-24.8	3.5	2.6
RANK:	4	6	7	10	8	9	5	12	11	3	1	2

STATISTICS: Rank 1970 - 1975 = 44 Rank 1976 - 1981 = 34

IMPORT shares to SENEGAL from UNITED STATES
DECREASED after 1975 at a 24.2 % significance level

TABLE C-54
Imports to SOUTH AFRICA from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	593	658	605	760	1193	1341	1460	1125	1137	1478	2527	2952
SHARE (%)	15.12	14.81	15.03	14.76	15.17	16.10	19.95	17.86	14.91	16.42	12.12	12.77
GROWTH (%)	14.4	10.9	-8.1	25.8	56.9	12.4	8.9	-23.0	1.1	30.0	71.0	16.8
RANK:	7	4	6	3	8	9	12	11	5	10	2	1

STATISTICS: Rank 1970 - 1975 = 37 Rank 1976 - 1981 = 41

IMPORT shares to SOUTH AFRICA from UNITED STATES
DID NOT CHANGE after 1975

TABLE C-55
Imports to ZAIRE & ZAMBIA from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	103	153	90	98	144	322	180	198	139	194	269	224
SHARE (%)	9.74	12.20	7.53	6.81	7.46	13.53	9.94	10.71	7.76	9.09	10.32	9.65
GROWTH (%)	8.4	48.6	-41.2	8.8	46.5	124.5	-44.0	9.9	-30.2	40.1	38.5	-16.8
RANK:	7	11	3	1	2	12	8	10	4	5	9	6

STATISTICS: Rank 1970 - 1975 = 36 Rank 1976 - 1981 = 42

IMPORT shares to ZAIRE & ZAMBIA from UNITED STATES
DID NOT CHANGE after 1975

TABLE C-56
Imports to ZAMBIA from UNITED STATES

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	46	61	49	48	62	116	71	73	48	70	98	68
SHARE (%)	8.78	9.87	7.89	7.26	6.25	10.17	8.99	9.26	6.53	7.67	9.05	7.46
GROWTH (%)	9.5	31.7	-19.1	-2.6	28.9	87.8	-38.7	3.0	-34.8	46.6	41.0	-30.6
RANK:	7	11	6	3	1	12	8	10	2	5	9	4

STATISTICS: Rank 1970 - 1975 = 40 Rank 1976 - 1981 = 38

IMPORT shares to ZAMBIA from UNITED STATES
DID NOT CHANGE after 1975

TABLE C-57
Imports to AFRICA from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	727	992	932	1253	1966	2176	2174	2907	3494	2858	4775	6069
SHARE (%)	6.70	7.82	7.52	8.00	8.52	7.70	7.58	8.67	8.93	7.08	7.49	8.57
GROWTH (%)	16.4	36.5	-6.0	34.5	56.8	10.7	-0.1	33.7	20.2	-18.2	67.1	27.1
RANK:	1	7	4	8	10	6	5	11	12	2	3	9
STATISTICS:	Rank 1970 - 1975 = 36						Rank 1976 - 1981 = 42					

IMPORT shares to AFRICA from JAPAN
DID NOT CHANGE after 1975

TABLE C-58
Imports to AFRICA (w/o NIGERIA) from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	660	864	783	1082	1711	1581	1411	1735	2122	1976	3124	3701
SHARE (%)	6.75	7.74	7.19	7.83	8.54	7.11	6.89	7.70	8.07	6.43	6.65	7.11
GROWTH (%)	10.4	30.9	-9.4	38.2	58.2	-7.6	-10.8	23.0	22.3	-6.9	58.1	18.5
RANK:	3	9	7	10	12	6	4	8	11	1	2	5
STATISTICS:	Rank 1970 - 1975 = 47						Rank 1976 - 1981 = 31					

IMPORT shares to AFRICA (w/o NIGERIA) from JAPAN
DECREASED after 1975 at a 12 % significance level

TABLE C-59
Imports to AFRICA (w/o SOUTH AFRICA) from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	417	583	586	705	1082	1336	1483	2187	2547	1906	3106	3803
SHARE (%)	6.03	7.08	7.00	6.71	7.24	6.70	6.94	8.03	8.09	6.08	6.97	7.97
GROWTH (%)	15.7	39.7	0.7	20.3	53.4	23.5	11.0	47.5	16.4	-25.1	62.9	22.4
RANK:	1	8	7	4	9	3	5	11	12	2	6	10
STATISTICS:	Rank 1970 - 1975 = 32						Rank 1976 - 1981 = 46					

IMPORT shares to AFRICA (w/o SOUTH AFRICA) from JAPAN
INCREASED after 1975 at a 15.5 % significance level

TABLE C-60
Imports to AFRICA (w/o SOUTH AFRICA & w/o NIGERIA) from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	350	455	437	534	828	741	720	1015	1175	1024	1455	1435
SHARE (%)	5.98	6.77	6.37	6.17	6.80	5.33	5.47	6.26	5.22	4.71	5.25	4.96
GROWTH (%)	4.9	29.9	-3.9	22.1	55.2	-10.5	-2.8	41.0	15.7	-12.8	42.1	-1.4
RANK:	6	11	10	7	12	4	5	8	9	1	3	2

STATISTICS: Rank 1970 - 1975 = 50 Rank 1976 - 1981 = 28

IMPORT shares to AFRICA (w/o SOUTH AFRICA & w/o NIGERIA) from JAPAN
DECREASED after 1975 at a 4.7 % significance level

TABLE C-61
Imports to ACP from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	495	686	704	806	1240	1555	1728	2456	2870	2382	3560	4231
SHARE (%)	5.73	6.66	6.57	6.12	5.96	5.79	5.95	7.03	7.55	5.92	6.37	7.19
GROWTH (%)	21.0	38.7	2.7	14.5	53.8	25.4	11.1	42.1	16.8	-17.0	49.5	18.8
RANK:	1	9	8	6	5	2	4	10	12	3	7	11

STATISTICS: Rank 1970 - 1975 = 31 Rank 1976 - 1981 = 47

IMPORT shares to ACP from JAPAN
INCREASED after 1975 at a 12 % significance level

TABLE C-62
Imports to COMMONWEALTH AFRICAN from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	222	334	339	412	658	937	1070	1575	1858	1270	2206	2810
SHARE (%)	6.85	8.18	8.56	8.67	8.83	8.66	8.58	9.68	9.84	7.91	8.98	10.83
GROWTH (%)	16.4	50.4	1.5	21.7	59.7	42.3	14.2	47.2	18.0	-31.7	73.7	27.4
RANK:	1	3	4	7	8	6	5	10	11	2	9	12

STATISTICS: Rank 1970 - 1975 = 29 Rank 1976 - 1981 = 49

IMPORT shares to COMMONWEALTH AFRICAN from JAPAN
INCREASED after 1975 at a 6.6 % significance level

TABLE C-63
Imports to ARUSHA from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	77	101	84	123	195	144	165	247	318	225	357	273
SHARE (%)	8.22	8.47	7.61	9.70	9.50	7.25	9.22	10.92	10.10	7.49	9.26	7.49
GROWTH (%)	23.9	31.8	-16.4	45.6	58.6	-26.3	14.9	49.7	28.7	-29.2	58.9	-23.4
RANK:	5	6	4	10	9	1	7	12	11	2	8	3

STATISTICS: Rank 1970 - 1975 = 35 Rank 1976 - 1981 = 43

IMPORT shares to ARUSHA from JAPAN
INCREASED after 1975 at a 29.4 % significance level

TABLE C-64
Imports to YAOUNDE from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	74	122	112	135	207	180	240	311	420	424	525	540
SHARE (%)	3.38	4.90	4.10	3.75	4.34	2.92	3.94	4.04	4.65	3.76	3.90	4.13
GROWTH (%)	4.3	64.7	-8.3	20.9	52.6	-12.7	32.9	29.7	35.1	0.9	23.7	2.9
RANK:	2	12	8	3	10	1	6	7	11	4	5	9

STATISTICS: Rank 1970 - 1975 = 36 Rank 1976 - 1981 = 42

IMPORT shares to YAOUNDE from JAPAN
DID NOT CHANGE after 1975

TABLE C-65
Imports to LEAST DEVELOPED AFRICA from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	103	123	119	157	255	284	280	393	449	398	486	525
SHARE (%)	5.88	5.94	5.44	5.87	6.69	5.98	6.32	7.49	6.95	5.18	4.75	5.21
GROWTH (%)	4.7	19.3	-3.8	32.5	62.2	11.0	-1.3	40.6	14.1	-11.4	22.1	8.0
RANK:	6	7	4	5	10	8	9	12	11	2	1	3

STATISTICS: Rank 1970 - 1975 = 40 Rank 1976 - 1981 = 38

IMPORT shares to LEAST DEVELOPED AFRICA from JAPAN
DID NOT CHANGE after 1975

TABLE C-66
Imports to NON-OIL YAOUNDE from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	73	120	109	132	195	168	223	275	391	399	456	457
SHARE (%)	3.53	5.16	4.37	3.97	4.54	3.03	4.13	4.05	4.78	3.90	3.81	4.04
GROWTH (%)	5.7	64.7	-8.9	21.0	48.1	-14.1	33.2	23.1	42.1	2.1	14.4	0.1
RANK:	2	12	9	5	10	1	8	7	11	4	3	6

STATISTICS: Rank 1970 - 1975 = 39 Rank 1976 - 1981 = 39

IMPORT shares to NON-OIL YAOUNDE from JAPAN
DID NOT CHANGE after 1975

TABLE C-67
Imports to OIL AFRICA from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	84	153	175	205	301	628	784	1250	1442	940	1811	2541
SHARE (%)	5.37	7.30	8.20	7.62	7.81	8.90	8.56	9.96	10.05	8.08	9.22	11.47
GROWTH (%)	92.9	82.5	14.0	17.2	46.7	108.8	24.8	59.4	15.3	-34.8	92.7	40.3
RANK:	1	2	6	3	4	8	7	10	11	5	9	12

STATISTICS: Rank 1970 - 1975 = 24 Rank 1976 - 1981 = 54

IMPORT shares to OIL AFRICA from JAPAN
INCREASED after 1975 at a .8 % significance level

TABLE C-68
Imports to IVORY COAST from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	10	15	12	20	34	46	66	90	169	149	135	96
SHARE (%)	2.50	3.78	2.77	2.87	3.54	4.04	5.06	5.15	7.28	5.97	4.49	3.93
GROWTH (%)	79.6	55.7	-17.9	64.5	67.6	33.0	45.1	36.5	87.1	-11.9	-8.9	-29.3
RANK:	1	5	2	3	4	7	9	10	12	11	8	6

STATISTICS: Rank 1970 - 1975 = 22 Rank 1976 - 1981 = 56

IMPORT shares to IVORY COAST from JAPAN
INCREASED after 1975 at a .2 % significance level

TABLE C-69
Imports to KENYA from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	43	54	50	74	113	81	108	159	176	134	231	165
SHARE (%)	9.63	9.06	9.35	12.00	11.04	8.60	11.05	12.30	10.26	8.05	10.81	7.80
GROWTH (%)	62.7	27.2	-7.5	47.7	53.2	-28.7	33.2	47.5	10.8	-23.9	72.5	-28.3
RANK:	5	6	4	11	9	3	10	12	7	2	8	1
STATISTICS:	Rank 1970 - 1975 = 38						Rank 1976 - 1981 = 40					

IMPORT shares to KENYA from JAPAN
DID NOT CHANGE after 1975

TABLE C-70
Imports to NIGERIA from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	67	128	149	172	254	595	763	1172	1372	882	1651	2368
SHARE (%)	6.28	8.44	9.92	9.22	9.16	9.86	9.29	10.63	10.71	9.15	9.82	12.61
GROWTH (%)	151.9	91.7	17.1	14.9	48.1	134.1	28.2	53.6	17.1	-35.7	87.2	43.4
RANK:	1	2	9	5	4	8	6	10	11	3	7	12
STATISTICS:	Rank 1970 - 1975 = 29						Rank 1976 - 1981 = 49					

IMPORT shares to NIGERIA from JAPAN
INCREASED after 1975 at a 6.6 % significance level

TABLE C-71
Imports to SENEGAL from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	0	1	0	3	3	5	4	5	10	12	12	9
SHARE (%)	0.00	0.39	0.00	0.70	0.56	0.78	0.69	0.65	1.33	1.24	1.12	0.84
GROWTH (%)	0.0	99.9-100.0	99.9	10.2	61.4	-11.5	24.3	102.6	18.4	-1.0	-26.3	
RANK:	5	2	1	6	3	7	5	4	12	10	9	8
STATISTICS:	Rank 1970 - 1975 = 24						Rank 1976 - 1981 = 48					

IMPORT shares to SENEGAL from JAPAN
INCREASED after 1975 at a .8 % significance level

TABLE C-72
Imports to SOUTH AFRICA from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	310	409	346	548	883	840	691	720	947	952	1669	2267
SHARE (%)	7.89	9.21	8.59	10.64	11.23	10.00	9.44	11.43	12.42	10.58	8.67	9.81
GROWTH (%)	17.4	32.1	-15.5	58.6	61.2	-4.9	-17.8	4.2	31.6	0.5	75.3	35.8
RANK:	1	4	2	9	10	7	5	11	12	8	3	6

STATISTICS: Rank 1970 - 1975 = 33 Rank 1976 - 1981 = 45

IMPORT shares to SOUTH AFRICA from JAPAN
INCREASED after 1975 at a 19.7 % significance level

TABLE C-73
Imports to ZAIRE & ZAMBIA from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	66	108	108	104	182	125	69	73	53	59	105	139
SHARE (%)	6.28	8.61	9.02	7.22	9.45	5.24	3.78	3.95	2.98	2.77	4.02	6.00
GROWTH (%)	-2.8	62.8	-0.2	-3.7	75.2	-31.4	-45.1	6.7	-27.3	11.3	76.7	32.9
RANK:	8	10	11	9	12	6	3	4	2	1	5	7

STATISTICS: Rank 1970 - 1975 = 56 Rank 1976 - 1981 = 22

IMPORT shares to ZAIRE & ZAMBIA from JAPAN
DECREASED after 1975 at a .2 % significance level

TABLE C-74
Imports to ZAMBIA from JAPAN

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	31	38	54	48	109	83	32	32	27	31	54	52
SHARE (%)	5.81	6.11	8.73	7.25	11.02	7.32	4.03	4.09	3.69	3.37	4.98	5.64
GROWTH (%)	-3.5	23.3	44.4	-12.2	127.5	-23.2	-61.8	1.3	-16.5	14.1	76.2	-4.6
RANK:	7	8	11	9	12	10	3	4	2	1	5	6

STATISTICS: Rank 1970 - 1975 = 57 Rank 1976 - 1981 = 21

IMPORT shares to ZAMBIA from JAPAN
DECREASED after 1975 at a .1 % significance level

TABLE C-75
Exports from AFRICA to EEC

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	5021	4890	5842	7859	13161	11877	13460	15022	15436	20195	25056	19766
SHARE (%)	51.76	49.97	50.62	48.83	49.23	41.07	40.96	39.27	39.68	35.39	33.61	29.97
GROWTH (%)	3.9	-2.6	19.4	34.5	67.5	-9.8	13.3	11.6	2.8	30.8	24.1	-21.1
RANK:	12	10	11	8	9	7	6	4	5	3	2	1

STATISTICS: Rank 1970 - 1975 = 57 Rank 1976 - 1981 = 21

EXPORT shares from AFRICA to EEC
DECREASED after 1975 at a .1 % significance level

TABLE C-76
Exports from AFRICA (w/o NIGERIA) to EEC

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	4200	3765	4536	6035	8513	8173	9398	10974	11098	13534	15200	14126
SHARE (%)	49.64	47.21	48.46	47.77	48.60	39.06	42.54	41.52	38.35	34.69	30.43	29.91
GROWTH (%)	-1.2	-10.3	20.5	33.0	41.1	-4.0	15.0	16.8	1.1	22.0	12.3	-7.1
RANK:	12	8	10	9	11	5	7	6	4	3	2	1

STATISTICS: Rank 1970 - 1975 = 55 Rank 1976 - 1981 = 23

EXPORT shares from AFRICA (w/o NIGERIA) to EEC
DECREASED after 1975 at a .4 % significance level

TABLE C-77
Exports from AFRICA (w/o SOUTH AFRICA) to EEC

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	3982	3893	4599	6038	10677	9406	10997	11997	12104	16332	20339	15261
SHARE (%)	52.91	51.23	51.70	47.94	48.93	47.13	44.18	42.45	46.47	43.29	41.62	35.26
GROWTH (%)	7.7	-2.2	18.1	31.3	76.8	-11.9	16.9	9.1	0.9	34.9	24.5	-25.0
RANK:	12	10	11	8	9	7	5	3	6	4	2	1

STATISTICS: Rank 1970 - 1975 = 57 Rank 1976 - 1981 = 21

EXPORT shares from AFRICA (w/o SOUTH AFRICA) to EEC
DECREASED after 1975 at a .1 % significance level

TABLE C-78
Exports from AFRICA (w/o SOUTH AFRICA & w/o NIGERIA) to EEC

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	3160	2768	3293	4214	6029	5702	6935	7949	7766	9671	10483	9621
SHARE (%)	50.28	47.81	49.03	46.14	47.95	47.66	49.12	48.35	48.27	46.90	43.20	39.17
GROWTH (%)	1.5	-12.4	19.0	28.0	43.1	-5.4	21.6	14.6	-2.3	24.5	8.4	-8.2
RANK:	12	6	10	3	7	5	11	9	8	4	2	1

STATISTICS: Rank 1970 - 1975 = 43 Rank 1976 - 1981 = 35

EXPORT shares from AFRICA (w/o SOUTH AFRICA & w/o NIGERIA) to EEC
DECREASED after 1975 at a 29.4 % significance level

TABLE C-79
Imports to AFRICA from EEC

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	5219	6128	6063	7709	10555	13898	14561	17455	20775	20270	28942	30165
SHARE (%)	48.14	48.34	48.91	49.20	46.27	49.18	50.76	52.04	53.13	50.20	45.37	42.59
GROWTH (%)	19.7	17.4	-1.1	27.1	36.9	31.7	4.8	19.9	19.0	-2.4	42.8	4.2
RANK:	4	5	6	8	3	7	10	11	12	9	2	1

STATISTICS: Rank 1970 - 1975 = 33 Rank 1976 - 1981 = 45

IMPORT shares to AFRICA from EEC
INCREASED after 1975 at a 19.7 % significance level

TABLE C-80
Imports to AFRICA (w/o NIGERIA) from EEC

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	4599	5250	5147	6568	8950	10280	9512	10859	13260	14922	19750	20212
SHARE (%)	47.01	47.01	47.25	47.57	44.66	46.24	46.46	48.22	50.44	48.55	42.04	38.83
GROWTH (%)	16.9	14.1	-2.0	27.6	36.3	14.9	-7.5	14.2	22.1	12.5	32.4	2.3
RANK:	7	6	8	9	3	4	5	10	12	11	2	1

STATISTICS: Rank 1970 - 1975 = 37 Rank 1976 - 1981 = 41

IMPORT shares to AFRICA (w/o NIGERIA) from EEC
DID NOT CHANGE after 1975

TABLE C-81
Imports to AFRICA (w/o SOUTH AFRICA) from EEC

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	3490	4162	4363	5350	7001	9997	11308	14606	17265	15966	22470	22421
SHARE (%)	50.44	50.55	52.11	50.88	46.84	50.15	52.91	53.61	51.85	50.88	50.45	46.99
GROWTH (%)	18.8	19.3	4.0	22.6	30.9	42.8	13.1	29.2	18.2	-7.5	40.7	-0.2
RANK:	4	6	9	7	1	3	10	11	12	8	5	2

STATISTICS: Rank 1970 - 1975 = 30 Rank 1976 - 1981 = 48

IMPORT shares to AFRICA (w/o SOUTH AFRICA) from EEC
INCREASED after 1975 at a 9 % significance level

TABLE C-82
Imports to AFRICA (w/o SOUTH AFRICA & w/o NIGERIA) from EEC

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
SIZE (M\$)	2869	3284	3447	4209	5396	6379	6259	8010	9750	10618	13278	12468
SHARE (%)	48.97	48.84	50.19	48.64	44.33	45.88	47.57	49.37	52.24	48.84	47.90	43.09
GROWTH (%)	14.2	14.5	5.0	22.1	28.2	18.2	-1.9	28.0	21.7	8.9	25.0	-6.1
RANK:	9	7	11	6	2	3	4	10	12	8	5	1

STATISTICS: Rank 1970 - 1975 = 38 Rank 1976 - 1981 = 40

IMPORT shares to AFRICA (w/o SOUTH AFRICA & w/o NIGERIA) from EEC
DID NOT CHANGE after 1975

APPENDIX D

BALANCE OF TRADE TABLES

TABLE D-1
Japanese and U.S. Balance
of Trade* with Africa
(\$ billion)

Year	Japan	U.S.
1970	-0.27	0.09
1971	0.01	0.10
1972	-0.19	-0.24
1973	-0.32	-0.59
1974	-0.29	-3.36
1975	0.19	-3.47
1976	0.27	-5.85
1977	0.90	-7.86
1978	0.92	-7.13
1979	-0.14	-11.45
1980	1.22	-13.87
1981	2.26	-10.38

*Export minus Imports

Note: "-" indicates a deficit

Source: IMF, Directions of Trade
(Annual Editions 1972,
1976, 1982)

TABLE D-2
Japanese and U.S. Balance of Trade
with Africa Excluding Nigeria
(\$ billion)

Year	Japan	U.S.
1970	-0.32	0.04
1971	-0.06	0.02
1972	-0.24	-0.07
1973	-0.28	-0.06
1974	-1.12	-0.64
1975	-0.12	-0.84
1976	-0.20	-1.35
1977	-0.10	-1.71
1978	-0.01	-1.58
1979	-0.90	-1.88
1980	-0.16	-2.53
1981	0.45	-2.71

Note: Same as in Table D-1.

Source: Same as in Table D-1.

TABLE D-3
Africa's Balance of Trade
with its Major Trading Partners
(\$ billion)

Year	Japan	U.S.	EEC	OPEC [#]
1970	-0.36	-0.16	-0.20	-0.12
1971	-0.36	-0.30	-0.12	-0.12
1972	0.99	-0.51	-0.22	-0.10
1973	0.36	-0.27	0.15	-0.15
1974	1.83	-0.27	2.61	-0.75
1975	1.18	-0.64	-2.02	-0.93
1976	2.83	-0.84	-1.10	-0.83
1977	4.33	-1.47	-2.43	-0.67
1978	6.33	-1.99	-5.3	-0.44
1979	8.84	-0.77	-0.75	-0.76
1980	10.4	-2.06	-3.89	-1.08
1981	8.10	-3.00	-10.40	-1.44

[#]Nigeria is excluded in these figures.

Note and Source: Same as in Table D-1.

TABLE D-4
Balance of Trade of Africa Excluding Nigeria
with Africa's Major Trading Partners
(\$ billion)

Year	Japan	U.S.	EEC	OPEC [#]
1970	-0.35	0.04	0.20	-0.12
1971	-0.47	-0.20	-1.49	-0.12
1972	-0.31	0.01	-0.61	-0.11
1973	-0.29	-0.01	-0.53	-0.15
1974	-0.35	-0.40	-0.44	-0.74
1975	-0.47	-0.33	-2.11	-0.92
1976	-0.33	-0.13	-0.11	-0.83
1977	0.88	-0.31	0.16	-0.67
1978	1.49	-0.63	-2.16	-0.44
1979	1.44	0.07	-1.39	-0.75
1980	1.23	-0.52	-4.55	-1.07
1981	1.09	-0.94	-6.09	-1.43

[#]Nigeria is excluded in these figures.

Note and Source: Same as in Table D-1.

APPENDIX E
INVESTMENT TABLES

TABLE E-1
Growth of Total U.S. Foreign Direct Investment

Year	Total (\$ million)	Increment (\$ million)	Growth Rate (%)
1966	51,792	—	—
1967	56,560	4768	9.2
1968	61,907	5347	9.4
1969	68,093	6186	10.0
1970	75,480	7387	10.8
1971	82,760	7280	9.6
1972	89,878	7118	8.6
1973	101,313	11435	12.7
1974	110,078	8765	8.6
1975	124,050	13972	12.7
1976	136,809	12759	10.3
1977	149,848	13039	9.5
1978	168,081	18233	12.2

Source: U.S. Department of Commerce, "Selected Data on U.S. Direct Investment Abroad" (1966-1978).

TABLE E-2
Growth of U.S. Foreign Direct Investment
in Developing Countries

Year	Total (\$ million)	Increment (\$ million)	Growth Rate (%)
1966	13,866	—	—
1967	14,905	1039	7.5
1968	16,497	1592	10.7
1969	17,627	1130	6.8
1970	19,192	1565	8.9
1971	20,719	1527	7.9
1972	22,274	1555	7.5
1973	22,904	630	2.8
1974	19,848	-3056	-13.3
1975	26,288	6440	32.4
1976	29,313	3025	11.5
1977	34,462	5151	17.6
1978	40,466	6004	17.4

Source: U.S. Department of Commerce, "Selected Data on U.S. Direct Investment Abroad" (1966-1978).

TABLE E-3
Growth of U.S. Foreign Direct Investment in Africa*

Year	Total (\$ million)	Increment (\$ million)	Growth Rate (%)
1966	1,344	—	—
1967	1,492	148	11.0
1968	1,807	315	21.1
1969	2,031	224	12.4
1970	2,427	396	19.5
1971	2,644	217	8.9
1972	2,835	191	7.2
1973	2,376	-459	-16.2
1974	2,233	-143	-6.0
1975	2,414	181	8.1
1976	2,775	361	14.9
1977	2,802	27	0.9
1978	3,411	609	21.7

* Africa includes North Africa but excludes South Africa

Source: U.S. Department of Commerce, "Selected Data on U.S. Direct Investment Abroad" (1966-1978).

TABLE E-4
Growth of U.S. Foreign Direct Investment in South Africa

Year	Total (\$ million)	Increment (\$ million)	Growth Rate (%)
1966	490	—	—
1967	556	66	13.5
1968	616	60	10.8
1969	672	56	9.1
1970	778	106	15.8
1971	875	97	12.5
1972	941	66	7.5
1973	1,167	226	24.0
1974	1,463	296	25.4
1975	1,582	119	8.1
1976	1,668	86	5.4
1977	1,792	124	7.4
1978	1,994	202	11.3

Source: U.S. Department of Commerce, "Selected Data on U.S. Direct Investment Abroad" (1966-1978).

TABLE E-5
Africa's* Share in U.S. Direct Foreign Investment, 1966-1978
(Percent)

Year	Investment in South Africa as a share of cumu- lative total U.S. FDI	Investment in Africa as a share of cumulative total of U.S. FDI	Investment in Africa as a share of total U.S. FDI in developing countries
1966	0.94	2.59	9.69
1967	0.98	2.63	10.01
1968	0.99	2.91	10.95
1969	0.98	2.98	11.52
1970	1.03	3.21	12.64
1971	1.05	3.19	12.76
1972	1.04	3.15	12.72
1973	1.15	2.34	10.37
1974	1.32	2.02	11.25
1975	1.27	1.94	9.18
1976	1.21	2.02	9.46
1977	1.19	1.86	8.13
1978	1.18	2.02	8.42

*Africa includes North Africa but excludes South Africa

Source: U.S. Department of Commerce, "Selected Data on U.S. Direct Investment Abroad" (1966-1978).

TABLE E-6
Sectoral Distribution of
U.S. Foreign Direct Investment in Africa, 1978
(Percent)

Country	Mining & Smelting	Petroleum Refining	Manufac- Communica- tions, Public Utilities	Transport	Trade	Finance Insu- rance	Other
South Africa	N.A.	N.A.	37.3*	0.1	11.5	N.A.	4.3
Other Africa#	16.0	61.3	8.0-	2.6	4.4	2.2	5.5

* Constituents of this figure include chemical products (6.16%), primary fabricated materials (2.78%), and machinery (8.82%).

Constituents of this figure include food products (0.8%), chemical products (1.64%), and machinery (0.32%).

- Other Africa includes Libya, Morocco, Algeria, and Tunisia.

N.A. Not available (the Department of Commerce withholds data where its publication would identify the holdings of an individual U.S. firm).

Source: Calculated from: data in U.S. Department of Commerce, "Selected Data on U.S. Investment Abroad" (1966-1978).

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